# Semiannual Report to Congress
## October 1, 2023 — March 31, 2024

*Promoting economy, efficiency, and effectiveness*

35 years

10 years

# Vision

Advancing nuclear safety and security through audits, evaluations, and investigations.

# Mission

Providing independent, objective audit and investigative oversight of the operations of the U.S. Nuclear Regulatory Commission and the Defense Nuclear Facilities Safety Board, to protect people and the environment.

promote nuclear safety — transparency — management analysts — progressive raises — be appreciated — rewarding — highly skilled team members — up to date — make a difference — generous benefits — subject matter experts — auditors — engineers — protect people — diversity — NRC — efficiency — next level — regulation — professional — training opportunities — inclusive — vital — work/life balance — fruitful career — work variety — OIG — detect and deter fraud, waste, abuse, and mismanagement — mission — protect the environment — integrity — DNFSB — federal career — independence — fulfilling career — flexible schedules — public service — problem solvers — administrative support — travel opportunities — effectiveness — promotion opportunities — change agents — creative — special agents — meaningful — investigators

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# A Message from the Inspector General

On behalf of the Office of the Inspector General, U.S. Nuclear Regulatory Commission (NRC) and Defense Nuclear Facilities Safety Board (DNFSB), it is my pleasure to present this Semiannual Report to Congress, covering the period from October 1, 2023, to March 31, 2024. I continue to be grateful for the opportunity to lead this extraordinary group of managers, auditors, investigators, and support staff, and I am extremely proud of their exceptional work.

This year marks special milestones for us: 35 years as the NRC OIG and 10 years as the DNFSB OIG. When I was appointed to be the Inspector General four years ago, I envisioned significant growth for this OIG in several key areas, such as having greater impact with our oversight, broader outreach, a greater online presence, expanding our personnel roster to meet the growing demand for IG services, information technology upgrades, and finding a more suitable physical workspace to accommodate our evolving needs. I am gratified to report tremendous success. We now occupy a state-of-the-art workspace and leverage our information technology resources to the greatest extent possible, we are making in-person visits to agency regional offices and engaging with the public, hiring to meet our growth, and best of all, we are having a significant impact on the two agencies we oversee! In c0njunction with my talented and dedicated OIG Team, I look forward to continuing this transformation.

One example of how we have adapted to a changing oversight landscape is the establishment of our Technical Services Section (TSS) to focus on addressing the most complex technical challenges involving oversight of a rapidly changing nuclear industry. Our TSS engineers are experts in evaluating the NRC's regulatory oversight of advanced reactors, advanced fuels, and other hot-button topics. They work with our auditors and investigators, and the entire team stays sharp with continuing education.

During this reporting period, we issued eight audit and evaluation reports, and recommended several ways to improve NRC and DNFSB safety, security, and corporate support programs. We also opened an additional forty investigative cases and completed eleven, four of which were referred to NRC and DNFSB management for action.

Our reports are intended to strengthen the NRC's and the DNFSB's oversight of their myriad endeavors and reflect the legislative mandate of the Inspector General Act, which is to identify and prevent fraud, waste, and abuse. The summaries herein showcase the variety of work our auditors and investigators accomplish, dedicating their efforts to promoting the integrity, efficiency, and effectiveness of NRC and DNFSB programs and operations. I greatly appreciate their commitment to that mission.

Our success would not be possible without the collaborative efforts of my staff, the NRC, and the DNFSB to address OIG findings and implement corrective actions promptly. I thank them for their dedication, and I look forward to continued cooperation as we work together to ensure the integrity and efficiency of the agencies' operations.

*Robert J. Feitel*
Inspector General

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**Reports Issued**

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**Recommendations Made**

9

**Recommendations Closed**

1

## Audit topics covered in this report:

- The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2024;
- The NRC's Fiscal Year 2023 Financial Statements;
- The NRC's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2023 Region I: King of Prussia, Pennsylvania;
- The NRC's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2023 Region II: Atlanta, Georgia;
- The NRC's Uranium Recovery Licensing Process; and,
- The NRC's Security Oversight of Category 1 and Category 2 Quantities of Radioactive Material.

**Reports Issued**
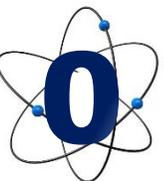
2

**Recommendations Made**

1

**Recommendations Closed**

0

## Audit topics covered in this report:

- The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2024; and,
- The DNFSB's Fiscal Year 2023 Financial Statements.

# Investigative Highlights

**Investigations Opened**

**39**

**Investigations Completed**

**10**

**Investigations In Progress**

**29**

## Investigative topics covered in this report:

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- The NRC Inappropriately Approved a Certificate of Compliance for Radioactive Material Packages:  Substantiated.
- Allegation Regarding the U.S. NRC's Implementation of Fuel Facility Inspection Policy:  Substantiated.
- Pandemic Response Accountability Committee Investigations:  Substantiated.
- Inadequate Emergency Evacuation Response for Individuals with Limited Mobility:  Substantiated.
- Special Inquiry into the Appearance of a Conflict of Interest Involving Members of the Advisory Committee on the Medical Uses of Isotopes:  Substantiated.
- Special Inquiry into the NRC's Oversight of Research and Test Reactors:  Substantiated.

**Investigations Opened**

**1**

**Investigations Completed**

**1**

**Investigations In Progress**

**2**

## Investigative topics covered in this report:

The Investigations Division did not issue any DNFSB reports during this reporting period.

## OIG History

In the 1970s, government scandals, oil shortages, and stories of corruption covered by newspapers, television, and radio stations took a toll on the American public's faith in its government.  The U.S. Congress knew it had to take action to restore the public's trust.  It had to increase oversight of federal programs and operations.  It had to create a mechanism to evaluate the effectiveness of government programs.  It also had to provide an independent voice for economy, efficiency, and effectiveness within the federal government that would earn and maintain the trust of the American people.

In response, Congress passed the landmark legislation known as the Inspector General Act, which President Jimmy Carter signed into law in 1978.  The IG Act created independent IGs, who would protect the integrity of government; improve program efficiency and effectiveness; prevent and detect fraud, waste, and abuse in federal agencies; and, keep agency heads, Congress, and the American people currently informed of their findings.

Today, the IG concept is a proven success.  IGs continue to deliver significant benefits, and due to IG audits and investigations, billions of dollars have been returned to the federal government or have been better spent based on recommendations identified through those audits and investigations.  IG investigations have also contributed to ensuring that thousands of wrongdoers are held accountable for their actions.  The IG concept and its principles of good governance, accountability, and monetary recovery have been adopted by foreign governments as well, contributing to improved governance in many nations.

### U.S. Nuclear Regulatory Commission OIG

In accordance with the 1988 amendments to the Inspector General Act of 1978, the NRC's OIG was established on April 15, 1989, as an independent and objective unit to conduct and supervise audits and investigations relating to the NRC's programs and operations.  The purpose of the OIG's audits and investigations is to prevent and detect fraud, waste, abuse, and mismanagement, and promote economy, efficiency, and effectiveness in NRC programs and operations.  In addition, the OIG reviews existing and proposed regulations, legislation, and directives, and comments on any significant concerns.

The NRC's mission is to license and regulate the nation's civilian use of radioactive materials to provide reasonable assurance of adequate protection of public health and safety, to promote the common defense and security, and to protect the environment. The NRC's vision is to carry out this mission as a trusted, independent, transparent, and effective nuclear regulator, consistent with the NRC Principles of Good Regulation.

## Defense Nuclear Facilities Safety Board OIG

Congress created the DNFSB as an independent agency within the executive branch to identify the nature and consequences of potential threats to public health and safety involving the U.S. Department of Energy's (DOE) defense nuclear facilities, to elevate such issues to the highest levels of authority, and to inform the public. The DNFSB is the only independent technical oversight body for the nation's defense nuclear facilities. The DNFSB is composed of experts in the field of nuclear safety with demonstrated competence and knowledge relevant to its independent investigative and oversight functions.

The Consolidated Appropriations Act of 2014 authorized the Inspector General of the NRC to exercise the same authorities with respect to the DNFSB as the Inspector General exercises under the Inspector General Act of 1978 (5 U.S.C. App.) with respect to the NRC.

# OIG Mission and Goals

The OIG is committed to ensuring the integrity of NRC and DNFSB programs and operations. Developing an effective planning strategy is a critical aspect of meeting this commitment. Such planning ensures that audit, evaluation, and investigative resources are used effectively. To that end, the OIG developed a Strategic Plan that includes the major challenges and critical risk areas facing the NRC. The plan identifies the OIG's priorities and establishes a shared set of expectations regarding the OIG's goals and the strategies it will employ to achieve them. The OIG's Strategic Plan for the NRC features three goals, which generally align with the NRC's mission and goals:

- Strengthen the NRC's efforts to protect public health and safety, and the environment;
- Strengthen the NRC's security efforts in response to an evolving threat environment; and,
- Increase the economy, efficiency, and effectiveness with which the NRC manages and exercises stewardship over its resources.

# Programs and Activities

## *Audits and Evaluations Program*

The OIG Audits and Evaluations Program focuses on management and financial operations; economy or efficiency with which an organization, program, or function is managed; and, whether the program achieves intended results.  OIG auditors assess the degree to which an organization complies with laws, regulations, and internal policies in carrying out programs.  OIG auditors also test program effectiveness and the accuracy and reliability of financial statements.  The overall objective of an engagement is to identify ways to enhance agency operations and promote greater economy and efficiency.  Engagements comprise four phases:

- **Survey** – An initial phase of the engagement process is used to gather information on the agency's organization, programs, activities, and functions.  An assessment of vulnerable areas determines whether further review is needed;

- **Fieldwork** – Auditors gather detailed information to develop and support findings, conclusions and recommendations;

- **Reporting** – The auditors present the information, findings, conclusions, and recommendations supported by the evidence gathered during the survey and fieldwork phases.  The auditors hold exit conferences with management officials to obtain their views on issues in the draft report and present those comments in the published report, as appropriate.  The published reports of OIG engagements include formal written comments in their entirety as an appendix; and,

- **Resolution** – Positive change results from the resolution process in which management takes action to improve operations based on the recommendations in the OIG's published report.  Management actions are monitored until final action is taken on all recommendations.  When management and the OIG cannot agree on the actions needed to correct a problem identified in an audit report, the issue can be taken to the NRC Chair or DNFSB Chair for resolution.

Each October, the OIG issues an *Annual Plan* that summarizes the audits planned for the coming fiscal year.  Unanticipated high-priority issues may arise that generate audits not listed in the *Annual Plan*.  OIG audit staff continually monitor specific issue areas to strengthen the OIG's internal coordination and overall planning process.  Under the OIG Issue Area Monitor (IAM) program, staff designated as IAMs are assigned responsibility for keeping abreast of major agency programs and activities.  The broad IAM areas address nuclear reactors, nuclear materials, nuclear waste, international programs, security, information management, and financial management and administrative programs.

# Investigative Program

The OIG's responsibility for detecting and preventing fraud, waste, and abuse within the NRC and the DNFSB includes investigating possible violations of criminal statutes relating to agency programs and activities, investigating misconduct by employees and contractors, interfacing with the U.S. Department of Justice on OIG-related criminal and civil matters, and coordinating investigations and other OIG initiatives with federal, state, and local investigative agencies and other OIGs.

Investigations may be initiated as a result of allegations or referrals from private citizens; licensee employees; government employees; Congress; other federal, state, and local law enforcement agencies; OIG audits; the OIG Hotline; and, OIG initiatives directed at areas having a high potential for fraud, waste, and abuse.

Because the NRC's and DNFSB's missions are to protect the health and safety of the public, the OIG's Investigative Program directs much of its resources and attention to investigating allegations of NRC staff conduct that could adversely impact matters related to health and safety.  These investigations may address allegations of:

- Misconduct by high-ranking and other NRC officials, such as managers and inspectors, whose positions directly impact public health and safety;

- Failure by NRC management to ensure that health and safety matters are appropriately addressed;

- Failure by the NRC to provide sufficient information to the public and to openly seek and consider the public's input during the regulatory process;

- Conflicts of interest involving NRC employees, contractors, and licensees, including such matters as promises of future employment for favorable regulatory treatment and the acceptance of gratuities; and,

- Fraud in the NRC's procurement programs involving contractors violating government contracting laws and rules.

The OIG has also implemented a series of proactive initiatives designed to identify specific high-risk areas that are most vulnerable to fraud, waste, and abuse.  A primary focus is electronic-related fraud in the business environment.  The OIG is committed to improving the security of this constantly changing electronic business environment by investigating unauthorized intrusions and computer-related fraud, and by conducting computer forensic examinations.  Other proactive initiatives focus on determining instances of procurement fraud, theft of property, government credit card abuse, and fraud in other federal programs.

# *OIG General Counsel Regulatory Review*

Under the Inspector General Act, 5 U.S.C. App. 3, Section 4(a)(2), the OIG reviews existing and proposed legislation, regulations, policy, and the implementation of NRC Management Directives (MD) and DNFSB Directives, and makes recommendations to the agencies concerning their impact on the economy and efficiency of their programs and operations.

Regulatory review is intended to help the agencies avoid implementing potentially flawed regulations or policies. The OIG does not concur or object to agency actions reflected in the regulatory documents, but rather offers comments.

Comments provided in the regulatory review process reflect the OIG's objective analysis of the language of proposed statutes, regulations, directives, and policies. The OIG review is structured to identify vulnerabilities and offer additional or alternative choices. As part of its reviews, the OIG focuses on ensuring that agency policy and procedures do not negatively affect the OIG's operations or independence.

From October 1, 2023, to March 31, 2024, the OIG reviewed a variety of regulatory documents. In its reviews, the OIG remained cognizant of how the proposed rules or policies could affect the OIG's functioning or independence. The OIG also considered whether the rules or policies could significantly affect NRC or DNFSB operations or be of high interest to NRC or DNFSB staff and stakeholders. In conducting its reviews, the OIG applied its knowledge and awareness of underlying trends and overarching developments at the agencies and in the areas they regulate.

For the period covered by this Semiannual Report to Congress, the OIG did not identify any issues that would significantly compromise our independence or conflict with our audit or investigative functions. We did, however, identify certain proposed staff polices that might affect, to some extent, the work of the OIG. In these cases, the OIG proposed edits or changes that would mitigate the impacts and requested responses from the staff.

Agency staff either accepted the OIG's proposals or offered a well-supported explanation as to why the proposed changes were not accepted. These reviews are described in further detail below.

## NRC Management Directives

Management Directive (MD) 3.11, *Conferences*, establishes policies for the NRC's participation in agency-sponsored or co-sponsored national and international conferences. The NRC's revisions to this MD incorporated various policy changes outlined in the recent Office of Management and Budget memoranda, reflected

changes in the types of conferences the NRC might sponsor or attend (e.g., virtual conferences), and updated specific roles and responsibilities within the agency. The OIG provided comments on the revised MD to reflect that the OIG has its own budget and procedures that would apply to conferences involving the OIG or its employees.

Management Directive (MD) 6.4, *Generic Issues Program*, provides guidance for the NRC staff on addressing generic issues in a manner that is consistent with section 210 of the Energy Reorganization Act of 1974, "Unresolved Safety Issues Plan" (42 U.S.C. § 5850). The NRC's revisions to this MD addressed a change in the frequency of staff status reports to the Commission on generic issues from quarterly to semi-annually; changes in organizational responsibilities, including consolidation of the Office of New Reactors and the Office of Nuclear Reactor Regulation; and, recommendations from an internal agency review to improve the efficiency of the generic-issues program. The OIG provided comments recommending the NRC clarify that while generic communications may provide interpretive guidance, they are not themselves regulatory requirements. The OIG also recommended that the NRC provide guidance for agency staff that addresses under what circumstances an issue that has been accepted into the generic-issues process might be removed from the process. The OIG also recommended that the NRC reference the applicable guidance, if available, or update agency sources to include such guidance.

The OIG also reviewed the following MDs or other guidance documents during the period covered by this Semiannual Report: MD 3.14, *NRC Public Website*; MD 3.17, *NRC Information Quality Program*; MD 9.17, *Organization and Functions, Office of the Executive Director for Operations*; MD 9.24, *Organization and Functions, Office of Small Business and Civil Rights*; and MD 10.45, *Advances in Pay*. While the OIG provided editorial or formatting suggestions for some of these directives, we had no substantive comments on them.

## DNFSB Directives

No DNFSB directives were reviewed for this reporting period.

# *Other OIG Activities*

Throughout this Semiannual Report to Congress, we will highlight some of our employees' special activities. First among them is the Inspector General's Meritorious Service Award, which was presented to Ms. Terri Spicher, Senior Technical Advisor and Team Leader of the Technical Services Section (TSS). This award is the most prestigious award offered by our office and recognizes outstanding achievement and extraordinary service consistently rendered by an OIG Team Member.

Terri is being honored with this award for her many, ongoing contributions to advancing the OIG's mission. Terri has been instrumental in envisioning innovative ways to optimize the OIG's use of technical expertise to further our mission. She advocated for the creation of an expanded and stand-alone Technical Services Section within the OIG to better support our Audit and Investigative functions. She noted the benefits of such a section, and she spearheaded the evaluation, interviewing, and hiring of experts to staff the TSS. Terri recommended outstanding and highly qualified candidates for those positions. The newly formed section added immediate value to our deliverables, our issue area monitoring, and our overall mission by providing a cohesive corps of technical experts who work collaboratively and collegially with one another as well as their colleagues in the OIG. Through her superb leadership, Terri has fostered an exceptional working environment and culture in the TSS that is professional, proactive, collaborative, inquisitive, results-oriented, and which takes great pride in the quality of its work.



IG Feitel presented The Inspector General's Meritorious Service Award to Terri Spicher.

Terri continues to display superb leadership, enthusiasm, professionalism, creativity, innovation, sound judgment, and respect for her colleagues. Terri is the consummate team player who consistently goes above and beyond the call of duty to ensure the success of the OIG.

# Nuclear Regulatory Commission Management Challenges and Audit and Investigative Summaries

**35** *years*

**10** *years*

# NRC Management Challenges

The following are the most serious management and performance challenges facing the Nuclear Regulatory Commission in FY 2024* as identified by the Inspector General:

**Challenge 1:**  Ensuring safety and security through risk-informed regulation of established and new nuclear technologies, as well as cyber and physical security activities impacting the NRC's mission;

**Challenge 2:**  Overseeing the decommissioning process and the management of decommissioning trust funds;

**Challenge 3:**  Implementing new legislative requirements related to NRC core mission areas and corporate support;

**Challenge 4:**  Ensuring the effective acquisition, management, and protection of information technology and data;

**Challenge 5:**  Hiring and retaining sufficient highly skilled employees to carry out the NRC mission;

**Challenge 6:**  Overseeing the safe and secure use of nuclear materials and storage and disposal of high- and low-level waste;

**Challenge 7:**  Managing financial and acquisitions operations to enhance fiscal prudence and transparency of resource management;

**Challenge 8:**  Maintaining public outreach related to the agency's regulatory process; and,

**Challenge 9:**  Planning for and assessing the impact of Artificial Intelligence and Machine Learning on nuclear safety and security.

\* For more information on these challenges, see OIG-24-A-01, "The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2024."

# Audits and Evaluations Division

## *Summaries—NRC*

### Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2024

***OIG Strategic Goal:  Safety, Security, and Corporate Support***

The Reports Consolidation Act of 2001 requires the IG to annually update its assessment of the NRC's most serious management and performance challenges facing the agency, and the agency's progress in addressing those challenges.  In this report, we summarized what we considered to be the most critical management and performance challenges facing the NRC, and we assessed the agency's progress in addressing those challenges.  Congress left the determination and threshold of what constitutes a most serious management and performance challenge to the Inspector General's discretion.  We identified management challenges as those that meet at least one of the following criteria:

- The issue involved an operation critical to the NRC mission or an NRC strategic goal;
- There was a risk of fraud, waste, or abuse of NRC or other government assets;
- The issue involved strategic alliances with other agencies, the OMB, the Administration, Congress, or the public; and,
- The issue involved the risk of the NRC not carrying out a legal or regulatory requirement.

This year, we identified nine areas representing challenges the NRC must address to better accomplish its mission. We have compiled this list based on our audit, evaluation, and investigative work; general knowledge of the agency's operations; and, the evaluative reports of others, including the GAO, and input from NRC management.

***Addresses Management and Performance Challenges 1–9***

# Audit of the NRC's Fiscal Year 2023 Financial Statements

*OIG Strategic Goal:  Corporate Support*

Under the Chief Financial Officers Act, the Government Management and Reform Act, and OMB Bulletin 22-01, Audit Requirements for Federal Financial Statements, the OIG is required to audit the NRC's financial statements.  The audit report of the agency's financial statements was due on November 15, 2023.   The OIG contracted with CliftonLarsonAllen (CLA) to independently audit the NRC's financial statements overall for fiscal years (FYs) 2023 and 2022.

The audit objectives were to express opinions on the agency's financial statements and internal controls, review compliance with applicable laws and regulations, and review controls in the NRC's computer systems that are significant to the financial statements.

*Audit Results*
CLA found that the NRC's financial statements for FYs ending September 30, 2023, and 2022 were presented fairly, in all material respects, in accordance with United States of America (U.S.) Generally Accepted Accounting Principles (GAAP).  The NRC maintained, in all material respects, effective internal controls over financial reporting as of September 30, 2023, and had no reportable noncompliance for FY 2023 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.  The NRC's response was not subjected to the auditing procedures applied in the audits of the financial statements and the OIG expressed no opinion on it.

*Addresses Management and Performance Challenge #8*

# Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2023 Region I: King of Prussia, Pennsylvania

*OIG Strategic Goal:  Security*

The NRC has four regional offices that execute agency policies and programs in inspection, enforcement, investigation, licensing, and emergency response programs. The regional offices are the agency's front line in carrying out its mission and implementing established agency policies and programs nationwide.  The Region I office operates under the direction of a regional administrator and is located in King of Prussia, Pennsylvania.  The region covers an 11-state area and the District of Columbia, including 8 states with nuclear power plants.  The audit included an

assessment of the NRC Region I's information security programs and practices consistent with the FISMA.  Region I also oversees materials licensees in Region II.

CliftonLarsonAllen LLP (CLA) conducted a performance audit of the NRC Region I information security program and practices for fiscal year (FY) 2023 in accordance with the Federal Information Security Modernization Act of 2014 (FISMA).  FISMA requires agencies to develop, implement, and document an agency-wide information security program.  In addition, the FISMA requires Inspectors General (IGs) to conduct an annual independent evaluation of their agency's information security program and practices.  The scope included assessing selected security controls from the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-53, Revision 5, Security and Privacy Controls for Information Systems and Organizations.  The NRC Office of the Inspector General (OIG) requested that two of the four NRC regional offices be included in the independent evaluation of the agency's implementation of FISMA for FY 2023.  This report describes audit findings for Region I.

The objective of this performance audit was to assess the effectiveness of the information security policies, procedures, and practices of the NRC Region I facility.

### Audit Results
CLA concluded that the NRC Region I information security policies, procedures and practices are generally effective.  Although Region I generally implemented effective information security policies, procedures, and practices, its implementation of a subset of selected controls was not fully effective.  CLA noted weaknesses in Region I's information security program and practices related to security awareness training, separated user disablement, physical access controls, and vulnerability management.  As a result of the weaknesses noted, we made four recommendations to assist Region I in strengthening its information security program.

### Addresses Management and Performance Challenge #5

# Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2023
## Region II:  Atlanta, Georgia

***OIG Strategic Goal:  Security***

The OIG contracted with CLA to audit the NRC's implementation of the Federal Information Security Modernization Act of 2014 for fiscal year 2023 in Region II, Atlanta, Georgia.  The objective was to assess the effectiveness of the information security policies, procedures, and practices of the NRC's Region II facility.  The findings and conclusions presented in this report are the responsibility of CLA.  The OIG's responsibility is to provide oversight of the contractor's work in accordance with Generally Accepted Government Auditing Standards (GAGAS).

For the period of October 1, 2022, through September 30, 2023, CLA found that although NRC Region II generally implemented effective information security policies, procedures, and practices, its implementation of a subset of selected controls was not fully effective.  Weaknesses were identified in Region II's information security program and practices, and as a result, CLA made four recommendations to assist Region II in strengthening its information security program.

***Addresses Management and Performance Challenge #3***


# Audit of the U.S. Nuclear Regulatory Commission's Uranium Recovery Licensing Process

***OIG Strategic Goal:  Safety***

The United States' ability to produce a domestic supply of uranium quickly and efficiently is important to reduce reliance on uranium imports from foreign countries, including Russia.  The uranium recovery process involves removing uranium from the earth and milling it to produce a material that becomes the basis of nuclear fuel.

The NRC goal has been to review uranium recovery license applications, license-renewal applications, and amendment requests in 36 months.  However, since 2007, the average time for NRC staff to issue new U.S. uranium recovery facility licenses has been approximately 41 months.  Since 2006, the average time to renew uranium recovery licenses has been 62 months.  The audit objective was to determine if the NRC has effectively implemented actions to improve uranium recovery licensing efficiency.

### Audit Results

The NRC has implemented several actions to improve its uranium recovery licensing efficiency based on a 2017 self-assessment. For example, the NRC has standardized its pre-application activities, acceptance review process, safety evaluation templates, and its requests for additional information guidance and process. The NRC also stated it enhanced planning and scheduling processes and created a prioritization system for new applications. Furthermore, in 2021, the NRC developed an office procedure to provide guidance to staff for meeting the goal of completing major licensing actions for uranium recovery projects in an efficient and timely manner. However, due to the absence of recent uranium recovery license applications and amendment requests in states that the NRC oversees, the OIG was unable to verify if these agency actions have been effective.

The OIG also contacted several Agreement States that oversee uranium recovery licensees to compare their licensing processes with the NRC's process. However, the lack of recent uranium recovery licensing activity also extends to the Agreement States, as the state of Wyoming oversees the only active U.S. uranium recovery licensees not regulated by the NRC, and Wyoming has not had any uranium recovery license applications or amendment requests since it became an Agreement State in 2018.

### Addresses Management and Performance Challenge #6

## Audit of the U.S. Nuclear Regulatory Commission's Security Oversight of Category 1 and Category 2 Quantities of Radioactive Material

### OIG Strategic Goal: Safety

The NRC has established the requirements for the physical protection program for any licensee that possesses an aggregated category 1 or category 2 quantity of radioactive material. These requirements provide reasonable assurance of the security of category 1 or category 2 quantities of radioactive material by protecting these materials from theft or diversion. During inspections, NRC inspectors verify licensees' effectiveness in implementing the requirements promulgated in NRC regulations. Noncompliance with regulatory requirements is assessed according to the NRC's Enforcement Policy. The consequences of a violation vary depending upon the severity level of the violation.

The audit objective was to determine whether the NRC provides adequate security oversight of category 1 and category 2 quantities of radioactive material.

***Audit Results***

The OIG found that The NRC provides adequate physical security oversight of category 1 and category 2 quantities of radioactive material; however, opportunities exist to strengthen enforcement activities related to Title 10 Code of Federal Regulations (C.F.R.) Part 37, *Physical Protection of Category 1 and Category 2 Quantities of Radioactive Material* (Part 37).

NRC management should implement control activities to ensure the agency uses quality information in regulatory decision-making; the Enforcement Policy and Enforcement Manual serve as the principal controls for the NRC's enforcement program. However, nearly 21 percent of staff use the informal Office of Nuclear Material Safety and Safeguards (NMSS) guidance to determine the severity level of Part 37 violations. This has occurred because the Enforcement Policy and Enforcement Manual do not comprehensively address Part 37. Consequently, enforcement actions could be inconsistently determined across the NRC.

The OIG made three recommendations to call for updating the NRC's Enforcement Policy and Enforcement Manual to address Part 37 and to revise and update supplemental guidance relating to Part 37, strengthening the enforcement guidance.

***Addresses Management and Performance Challenge #6***

# *Audits and Evaluations in Progress— NRC*

## Evaluation of NRC Information Technology Asset Management

*OIG Strategic Goal:  Corporate Support*

The evaluation objective is to determine the facts and circumstances regarding allegations of IT asset mismanagement.

*Addresses Management and Performance Challenge #4*

## Audit of the NRC's Travel Charge Card Program

*OIG Strategic Goal:  Corporate Support*

The audit objective is to assess whether the NRC's policies and procedures are effective in preventing and detecting travel charge card misuse and payment delinquencies.

*Addresses Management and Performance Challenge #7*

## NRC's FY 2023 Compliance with Improper Payment Laws (Payment Integrity Information Act)

*OIG Strategic Goal:  Corporate Support*

The audit objective is to assess the NRC's compliance with the Payment Integrity Information Act of 2019 and report any material weaknesses in internal control.

*Addresses Management and Performance Challenge #7*

## Audit of the NRC's Recruitment and Retention Activities

*OIG Strategic Goal:  Corporate Support*

The audit objective is to assess the NRC's effectiveness in recruiting and retaining staff to address critical skills shortfalls.

*Addresses Management and Performance Challenge #5*

# Audit of NRC Reactor Operator Licensing Examination Process

*OIG Strategic Goal: Safety*

The audit objective is to determine the effectiveness, efficiency, and integrity of the NRC's oversight of the reactor operator licensing examination process.

*Addresses Management and Performance Challenge #1*

# Evaluation of the NRC's Emergency Evacuation Plan for Personnel with Disabilities

*OIG Strategic Goal: Corporate Management*

The evaluation objective is to evaluate the extent to which the NRC's emergency evacuation policies and procedures for the agency's headquarters complex consider the needs of personnel with various disabilities.

*Does not reflect a specific Management and Performance Challenge*

# Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024 at the Technical Training Center

*OIG Strategic Goal: Corporate Support*

The audit objective is to conduct an independent assessment of the NRC's FISMA implementation for FY 2024 at the Technical Training Center.

*Addresses Management and Performance Challenge #4*

# Audit of the NRC's Contract Management of Information Technology

*OIG Strategic Goal: Corporate Support*

The audit objective is to determine if the NRC is efficiently and effectively managing IT related contracts for the agency's information technology services and support..

*Addresses Management and Performance Challenge #5*

# Investigations Division

## Case Summaries—NRC

### NRC Management's Departure from Established Regulatory Processes when Revising the Safety Evaluation Report for the North Anna Power Station's Subsequent License Renewal Application

***OIG Strategic Goal:   Safety***

***Allegation***
The OIG initiated this investigation based on an allegation received from an NRC staff member concerned that the agency held nonpublic technical discussions with a licensee regarding the NRC staff's Safety Evaluation Report (SER) for the North Anna Subsequent License Renewal (SLR) application.  The alleger further raised the derivative issue of an appearance of possible impropriety, in that these nonpublic discussions might give rise to the appearance of undue sway by the licensee, Dominion Energy, over NRC management.

***Investigative Results***
The OIG found that NRC management departed from established regulatory processes when revising the SER for the North Anna SLR application based on non-public communications with the licensee.  The changes to the final SER resulted in removing certain aging management program enhancements from the North Anna license, weakening the staff's reasonable assurance finding, and eliminating enhancements from the North Anna licensing basis.

Additionally, the departures from established regulatory processes, and these resulting changes, may have also created the appearance that Dominion Energy had inappropriately influenced the content of the final SER.

***NRC Response***
Although the agency responded that no inappropriate influence occurred during the review and that the staff's safety evaluation provides reasonable assurance of adequate protection of public health and safety, the response also stated, "The NRC staff recognizes that NRC management's revision of the SER for North Anna Power Station's subsequent license renewal application could have created the appearance

that the licensee, Dominion Energy, had inappropriately influenced the content of the SER." The OIG report concluded that the NRC management did not seek the NRC technical staff's input on the proposed changes, nor did the management hold a public meeting to discuss the changes. The staff acknowledges that appearance of inappropriate influence by licensees during the licensing process is a reasonable concern. Therefore, the staff has taken and will take corrective actions to strengthen the existing protections in this area by implementing the following actions, as discussed previously and in response to the questions in the OIG report:

1) Proceduralize and exercise written confirmation from the technical reviewer to the project manager that supplemental information from the licensee affecting their area was received and that it will be incorporated into upcoming SER input or that previously submitted SER input would be revised;

2) Proceduralize to request and receive final supplemental information from the licensee with a clean version of the commitments table that would alleviate the opportunity for error that exists when the NRC staff pieces together the correct version of the commitments from multiple supplements. It would also serve to double check that NRC staff have reviewed all changes;

3) Proceduralize to add to the template for SER input that the technical reviewers provide a final version of their assigned lines in the commitment table to the Project Manager to ensure that both the reviewer and the project manager have the same understanding of any changes that were requested by the licensee and the technical reviewer's disposition of such changes;

4) Use the new Technical Review Package (TRP), a work management tool that is under development, to enhance the efficiency of managing and tracking the license renewal / subsequent license renewal application reviews. Use of the TRP will make it easier to account for and track items to be reviewed; and,

5) Training was held and will continue to be provided for the mangers, technical reviewers, and project managers on the oversight and inspection of license renewal commitments after the license issuance.

*Addresses Management and Performance Challenges #1*

# The NRC Inappropriately Approved a Certificate of Compliance for Radioactive Material Packages

***OIG Strategic Goal:  Safety***

***Allegation***
The OIG investigated an allegation that the NRC inappropriately issued a licensee Certificate of Compliance (CoC) #9375, Revision 0 that allowed the use of the American Society of Testing and Materials (ASTM) A514 in the fabrication of the HI-STAR ATB 1T transportation package for containment boundary system components.

***Investigative Results***
The OIG found that the NRC did inappropriately issue CoC #9375, Revision 0 contrary to 10 C.F.R. Part 71, "Packaging and Transportation of Radioactive Material."  Specifically, the NRC's safety evaluation report for the HI-STAR ATB 1T non-fuel waste transport system, referred to as a package, for radioactive material allowed use of the ASTM A514 material, which is not incorporated into the American Society of Mechanical Engineers Boiler and Pressure Vessel code as permissible for any Section III or Section VIII component.  Additionally, since CoC #9375, Revision 0, had been issued approximately 18 months before the licensee submitted the license amendment request for the CoC, revision 1, that corrected the permissible material error and the licensee is not required to report fabrication of the first package in 10 C.F.R. 71.93(c), "Inspections and Tests," the NRC is unaware if any packages were fabricated using ASTM A514.

The OIG also found that two NRC material technical reviewers failed to identify the error, which was later discovered by an NRC senior material technical reviewer performing a courtesy review of the draft license amendment request's safety evaluation report for the CoC, Revision 1, issued in December 2022.  Further, the OIG identified that the NRC drafted Division Instruction, "LIC-FM-8, Revision No. 0, Peer Review Procedure," in April 2021, which, if the Instruction had been issued promptly, would have been available for use by the staff during its review of this license amendment request for both revisions of the certificate of compliance.

***NRC Response***
The agency has indicated it is considering issuing a response in mid-2024.

***Addresses Management and Performance Challenges #6***

# Allegation Regarding the U.S. NRC's Implementation of Fuel Facility Inspection Policy

***OIG Strategic Goal:   Safety***

***Allegation***
The OIG investigated an allegation that questioned the qualifications of a fuel facility's senior resident inspector.

***Investigative Results***
The OIG found that a fuel facility's senior resident inspector (SRI)—the only permanent resident inspector at this facility—is not a fully qualified fuel facility inspector according to Inspection Manual Chapter (IMC) 1247, "Qualification Program for Fuel Facility Inspectors in the Nuclear Material Safety And Safeguards Program Area."  The OIG found the SRI independently inspected areas of the facility for which the inspector had neither completed fuel facility qualifications nor received an Interim Qualification Certificate from NRC management.  From September 2022 through October 2023, at least 95 risk-significant inspection samples were completed.

The SRI only had a 2-week turnover period with the prior resident inspector rather than the 3 to 6 months described in IMC 2600, "Fuel Cycle Facility Operational Safety and Safeguards Inspection Program."

The region has been working around gaps in NRC policy as its practices have not been formally documented.

***NRC Response***
In response to the OIG's finding that the inspector was not fully qualified, the region reviewed the inspector's competencies and determined that the individual had demonstrated the appropriate knowledge, skills, and abilities necessary to perform full-scope inspections at the fuel facility.  However, the agency reported that the staff is currently in the process of revising IMC 1247 to clarify the guidance regarding qualification of new resident inspectors.  As the NRC proceeds with these clarifications, staff will ensure that the guidance addresses the bases for future provisional qualification of incoming resident inspectors.  Additionally, regional management will evaluate and document the provisional qualification of any senior resident inspectors who need to complete IMC 1247 qualifications.

Regarding resident inspector turnover, NRC management has reviewed this specific example and situation, and has determined that adequate turnover, orientation, and supervisory oversight occurred. The agency reported that although Appendix C of IMC 2600 suggests, but does not require, a turnover period of approximately 3 months between the outgoing and incoming resident inspectors, they recognize that a period of turnover is beneficial and will make all reasonable efforts to ensure adequate turnover time is provided, when available. In cases of shorter periods of turnover, the new inspector's knowledge, skills, and abilities will be considered and the necessary agency tools applied to appropriately mitigate associated risks. Additionally, the NRC plans to clarify what constitutes an adequate turnover as part of the normal maintenance of the oversight program in IMC 2600 Appendix C, which is the guidance for turnover and transitioning resident inspectors.

The NRC staff also acknowledged that while there is no unique appendix to IMC 1247 that describes a qualification program for senior resident inspectors, there is a study guide and a listing of activities in Appendix C1 to IMC 1247 that is intended to provide and demonstrate additional knowledge, skills, and abilities that are beneficial to senior resident inspectors (ISA-OPS-2). The agency reported that the staff ensures active inspection guidance documents remain relevant and reviews the IMCs every 5 years and the staff plans to update IMC 2600 within this timeframe. This update will address the issues discussed above and will consider insights from other Agency activities on inspector qualification programs, as well as inspector and staff feedback collected since the last issuance of the IMC.

***Addresses Management and Performance Challenges #6***


# Pandemic Response Accountability Committee Investigations

***OIG Strategic Goal:  Corporate Support***

The Pandemic Response Accountability Committee (PRAC) was created in March 2020 as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Since then, the PRAC has provided independent oversight of pandemic relief spending and helped coordinate and facilitate oversight by Inspectors General. In January 2023, the OIG began efforts to identify potential fraud involving the receipt of federal funds issued earlier under the CARES Act and received by NRC employees. As of March 31, 2024, the OIG has completed two investigations without finding evidence of fraud by NRC employees, but did identify that one NRC employee was the victim of identity theft.

***Addresses Management and Performance Challenges #3***

# Inadequate Emergency Evacuation Response for Individuals with Limited Mobility

***OIG Strategic Goal:  Corporate Support***

***Allegation***

An NRC employee who uses a wheelchair reported that the NRC's emergency evacuation plan is inadequate for those with limited mobility.

***Investigative Results***

During an NRC emergency evacuation drill in September 2023, the alleger accessed the One White Flint Tower P3 level stairwell and waited for evacuation assistance as instructed by the audible evacuation announcement, but no assistance came. Further, the underground parking garage area limited the employee's mobile service connectivity, precluding a call for assistance.

The NRC self-reported to the OIG that it identified errors in its emergency evacuation plan, in that no camera coverage existed in the P2 and P3 level stairwells, thereby precluding security and first responders from identifying those with limited mobility needing assistance in those areas.

The NRC Occupant Emergency Plan states individuals who need assistance should "enter the area of refuge...and remain there until help arrives or an 'All Clear' is announced." The additional instruction regarding the "All Clear" indicates in the policy that assistance may not come. The NRC Security Management and Operations Branch noted that this occurrence highlighted the need to provide those reminders in writing, for future evacuation drills. The NRC plans corrective actions to the Occupant Emergency Plan to address the lack of camera coverage in the P2 and P3 garage level stairwells.

***Further review***

OIG Audits is also reviewing this case as part of an evaluation of the NRC's emergency evacuation of disabled personnel processes. The objective of this engagement is to evaluate the extent to which NRC headquarters' emergency evacuation plans, policies, and procedures consider the needs of personnel with various disabilities.

***Addresses Management and Performance Challenges #3***

# Special Inquiry into the Appearance of a Conflict of Interest Involving Members of the Advisory Committee on the Medical Uses of Isotopes

***OIG Strategic Goal: Safety***

***Allegation***
We initiated this Special Inquiry based on allegations of a conflict of interest involving certain NRC advisory committee members. The allegations related to the NRC's consideration of a petition for rulemaking (PRM-35-22) that requested the NRC amend its regulations to require medical-event reporting of radiopharmaceutical extravasations that result in localized dose equivalents exceeding 0.5 Sv (50 rem). (An extravasation is the unintentional leakage of an intravenously administered solution around the infusion or injection site into the surrounding tissue.)

The allegers claimed that several members of an NRC advisory committee which advised the NRC on matters related to PRM-35-22 were affiliated with a professional organization that promotes the interests of NRC-regulated entities. In the view of the allegers, these outside affiliations created a conflict of interest that called into question the integrity of the NRC's decision-making concerning PRM-35-22.

***Investigative Results***
The OIG found that two advisory committee members failed to follow the procedures in 5 C.F.R. section 2635.502, "Personal and business relationships," when they participated in matters related to PRM-35-22 without obtaining prior authorization to do so. These members were active participants in a professional organization that carried out a campaign opposing PRM-35-22, at the same time they worked for the committee on matters related to the petition.

The NRC's policies for the committee may be insufficient to ensure compliance with 5 C.F.R. section 2635.502 and certain conflict-of-interest requirements tied to the Federal Advisory Committee Act at 5 U.S.C. sections 1001–1014. Specifically, the NRC does not currently have a policy requiring staff to perform conflict-of-interest reviews before assigning particular tasks to committee members. Therefore, the NRC lacks internal controls in this context that could facilitate compliance with federal ethics requirements and help avoid both actual and apparent conflicts of interest.

***NRC Response***
Awaiting agency response

***Addresses Management and Performance Challenges #6***

# Special Inquiry into the NRC's Oversight of Research and Test Reactors

***OIG Strategic Goal:  Safety***

***Investigative Results***
As previously discussed in the April 2023 – September 2023 Semiannual Report to Congress, the OIG found that the agency's RTR program failed to identify and address problems with the NIST test reactor and other RTRs.  Specifically, the NRC failed to identify problems with fuel movement, including precursors to later events; the NRC's inspection practices often lacked direct observation of activities important to safety; RTRs other than the NIST reactor experienced significant fuel oversight issues; and, the agency's RTR program has not been substantively updated for at least two decades, and does not reflect the agency's risk-informed and safety culture positions.

The OIG's findings highlight future challenges for the agency's oversight programs for RTRs and advanced reactors.

***NRC Response***
In response to the OIG's finding on failing to identify problems with the NIST test reactor and other RTRs, the agency stated that their own internal self-assessment following the February 2021 NIST event revealed no significant gaps in the current inspection program.  However, the NRC staff acknowledged that oversight of RTRs could be improved by emphasizing direct observations of risk significant activities and updating inspection procedure guidance.

In response to the OIG's finding on inspection practices lacking direct observation of activities important to safety, the NRC staff discussed that the inspection program is designed to contain sufficient flexibilities commensurate with the safety significance of RTRs and addressed challenges regarding scheduling inspections.  However, the NRC staff stated that they will be placing a greater emphasis on the coordination of inspection scheduling, given inspection guidance already contains provisions to directly observe risk significant activities.

In response to the OIG's finding on significant fuel oversight issues at other RTRs, the NRC provided a summary of their evaluation of the concerns we raised.  The OIG notes that the NRC staff's evaluation may not have fully considered the issues raised in our report in their response.

In response to the OIG's finding on the lack of substantive updates to the RTR inspection program, the NRC staff highlighted their recent internal self-assessment found no significant gaps in the inspection program and guidance; however, identified several possible enhancements, including formalizing a recurring self-assessment process and periodic review of inspection policy and procedures.

In response to the OIG's finding on the agency's RTR program not reflecting the agency's risk-informed positions, the NRC staff stated that the program was appropriately risk-informed and a probabilistic risk assessment would provide limited benefit. However, the NRC staff stated they are re-emphasizing the importance of direct observation of risk significant activities when establishing inspection schedules.

In response to the OIG's finding on the agency's RTR program not reflecting the agency's safety culture positions, the NRC staff acknowledged the importance of positive safety culture traits at RTRs facilities. The NRC staff plan to include safety culture guidance in the RTR inspection program, procedures, and training to provide inspectors additional tools to detect potential weaknesses in a licensee's safety culture.

The agency's publicly available response is in ADAMS under Accession number ML24030A502.

***Addresses Management and Performance Challenges #1***

# Defense Nuclear Facilities Safety Board Management Challenges and Audit and Investigative Summaries



**35** *years*

**10** *years*

# DNFSB Management Challenges

The following are the most serious management and performance challenges facing the Defense Nuclear Facilities Safety Board in FY 2024* as identified by the Inspector General:

Challenge 1: Leading a healthy and sustainable organizational culture and climate;

Challenge 2: Ensuring the effective acquisition and management of mission-specific infrastructure, including cyber, physical and personnel security, and data;

Challenge 3: Continuing a systematic safety focus in the DNFSB's technical safety oversight and reviews;

Challenge 4: Recruiting, retaining, and developing executive and technical staff; and,

Challenge 5: Elevating the DNFSB's public visibility and credibility and maintaining constructive relationships with the DOE and external stakeholders.

* For more information on these challenges, see DNFSB-24-A-01, "The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2024."

# AUDITS AND EVALUATIONS DIVISION

## Summaries—DNFSB

### Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the DNFSB in Fiscal Year 2024

*OIG Strategic Goal: Safety, Security, and Corporate Support*

The Reports Consolidation Act of 2001 requires the OIG to annually update our assessment of the DNFSB's most serious management and performance challenges facing the agency, and the agency's progress in addressing those challenges. In this report, we summarized what we considered to be the most critical management and performance challenges facing the DNFSB, and we assess the agency's progress in addressing those challenges. Congress left the determination and threshold of what constitutes a most serious management and performance challenge to the Inspector General's discretion. We identify management challenges as those that meet at least one of the following criteria:

- The issue involves an operation critical to the DNFSB mission or a DNFSB strategic goal;
- There is a risk of fraud, waste, or abuse of DNFSB or other government assets;
- The issue involves strategic alliances with other agencies, the Office of Management and Budget, the Administration, Congress, or the public; and,
- The issue involves the risk of the DNFSB not carrying out a legal or regulatory requirement.

This year, we have identified five areas representing challenges the DNFSB must address to better accomplish its mission. We have compiled this list based on our audit, evaluation, and investigative work; general knowledge of the agency's operations; and, evaluative reports of others, including the GAO, and input from DNFSB management.

# Audit of the DNFSB's Fiscal Year 2023 Financial Statements

*OIG Strategic Goal:  Corporate Support*

Under the Chief Financial Officers Act, the Government Management and Reform Act, and OMB Bulletin 21-04, Audit Requirements for Federal Financial Statements, the OIG is required to audit the DNFSB's financial statements.  The OIG contracted with CliftonLarsonAllen (CLA) to independently audit the DNFSB financial statements overall for FYs 2023 and 2022.

The audit objectives were to express opinions on the agency's financial statements and internal controls, review compliance with applicable laws and regulations, and review controls in the DNFSB's computer systems that are significant to the financial statements.

*Audit Results*

CLA concluded that the DNFSB's financial statements as of the FYs ending on September 30, 2023, and 2022, were presented fairly, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles.  CLA found that the DNFSB maintained, in all material respects, effective internal controls over financial reporting as of September 30, 2023, and no reportable noncompliance for FY 2023 with provisions of applicable laws, regulations, contracts, and grant agreements we tested and no other matters.  However, during the FY 2023 audit, deficiencies were identified in DNFSB's internal controls over financial reporting, but they were not considered to be material weaknesses or significant deficiencies.  Nonetheless, these deficiencies warrant the attention of DNFSB management.  These matters were communicated to DNFSB management.

*Addresses Management and Performance Challenge #2*

# *Audits in Progress—DNFSB*

## DNFSB's FY 2023 Compliance with Improper Payment Laws (Payment Integrity Information Act)

***OIG Strategic Goal: Corporate Support***

The audit objective is to assess the DNFSB's compliance with the Payment Integrity Information Act of 2019 and report any material weaknesses in internal control.

***Addresses Management and Performance Challenge #2***

## Audit of the Defense Nuclear Facilities Safety Board's Review Agendas

***OIG Strategic Goal: Safety***

The audit objective is to determine the DNFSB's effectiveness in developing and applying its review agendas.

***Addresses Management and Performance Challenge #3***

## Audit of the Defense Nuclear Facilities Safety Board's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2024

***OIG Strategic Goal: Security***

The audit objective is to conduct an independent assessment of the DNFSB's FISMA implementation for Fiscal Year 2024.

***Addresses Management and Performance Challenge #2***

# Audit of the DNFSB's Freedom of Information Act Program

***OIG Strategic Goal:  Corporate Support***

The audit objective is to assess the consistency and timeliness of the DNFSB's FOIA request decisions, and to assess the agency's effectiveness in communicating FOIA policies to FOIA requestors.

***Addresses Management and Performance Challenge #3***

# INVESTIGATIONS

## *Case Summaries—DNFSB*

The Investigations Division did not close any DNFSB cases during this reporting period.

# Summary of
# Accomplishments



**35** *years*

**10** *years*

# Audits

## NRC
## Audits Completed

| Date | Title | Audit Number |
|------|-------|--------------|
| 03/25/2024 | Audit of the U.S. Nuclear Regulatory Commission's Security Oversight of Category 1 and Category 2 Quantities of Radioactive Material | OIG-24-A-06 |
| 02/21/2024 | Audit of the U.S. Nuclear Regulatory Commission's Uranium Recovery Licensing Process | OIG-24-A-05 |
| 02/21/2024 | Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2023 Region II: Atlanta, Georgia | OIG-24-A-04 |
| 01/25/2024 | Audit of the U.S. Nuclear Regulatory Commission's Implementation of the Federal Information Security Modernization Act of 2014 for Fiscal Year 2023 Region I: King of Prussia, Pennsylvania | OIG-24-A-03 |
| 11/09/2023 | Results of the Independent Auditor's Report of the U. S. Nuclear Regulatory Commission's Financial Statements for Fiscal Year 2023 | OIG-24-A-02 |
| 11/3/2023 | The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the U.S. Nuclear Regulatory Commission in Fiscal Year 2024 | OIG-24-A-01 |

## Contract Audit Reports

The OIG did not complete any contract audit reports for the reporting period.

## Audit Resolution Activities

The OIG did not complete any audit reports that contained questioned costs or funds to be put to better use for this reporting period.

# *DNFSB*
# *Audits Completed*

| Date | Title | Audit Number |
|------|-------|--------------|
| 11/30/2023 | Results of the Independent Auditor's Report of the Defense Nuclear Facilities Safety Board's Financial Statements for Fiscal Year 2023 | DNFSB-24-A-02 |
| 11/3/2023 | The Inspector General's Assessment of the Most Serious Management and Performance Challenges Facing the Defense Nuclear Facilities Safety Board in Fiscal Year 2024 | DNFSB-24-A-01 |

# *Contract Audit Reports*

The OIG did not complete any contract audit reports for the reporting period.

# *Audit Resolution Activities*

The OIG did not complete any audit reports that contained questioned costs or funds to be put to better use.

# INVESTIGATIONS

## *NRC*
## *Allegations Received*

### Sources of Allegations
110 allegations received (75 from the NRC OIG Hotline)

| Source | Count |
|---|---|
| Regulated Industry (Licensee/Utility) | 1 |
| OIG Audit | 1 |
| Anonymous | 17 |
| Other Government Agency | 1 |
| General Public | 16 |
| OIG Proactive Initiation | 14 |
| NRC Management | 24 |
| NRC Employee | 36 |
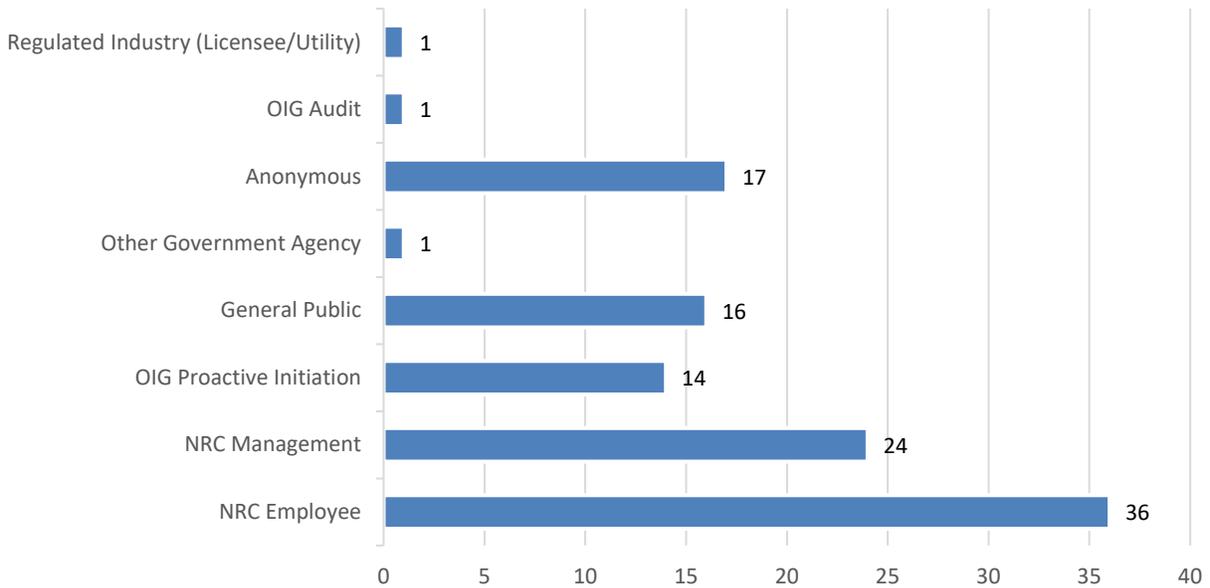
### Disposition of Complaints
102 completed

| Disposition | Count |
|---|---|
| Reviwing Complaint | 5 |
| Referred to NRC Management | 3 |
| Referred to New OIG Investigation | 15 |
| Referred to Other Agency | 1 |
| Referred to OIG Audit | 3 |
| Correlated to Existing OIG Investigation | 1 |
| Reviewed (no additional Action needed) | 74 |

# Status of Investigations

**Federal**

DOJ Referrals* ..........................................10
  Accepted..................................................1
  Declined .................................................9
  Pending ................................................. 0
Criminal Information/Indictments........... 0
Arrests........................................................ 0
Criminal Conviction/Civil Settlement........ 0
Civil Recovery (recoveries pending)......... $0

**State and Local**

Referrals ....................................................0
Criminal Information/Indictments ...........0
Criminal Convictions.................................0

**NRC Administrative Actions**

Review/Change of Agency Process ............4
Other (informal counsel/training).............3
Pending Agency Action ..............................0

*In accordance with the reporting required of the Inspector General Act, the OIG shall provide the status and disposition of the matter, including—
(i) if the matter was referred to the Department of Justice; and,
(ii) if the Department of Justice declined the referral.

# Summary of Investigations

| Classification of Investigations | Carryover Cases | Opened Cases | Completed Cases | Reports Issued* | Cases in Progress |
|---|---|---|---|---|---|
| Employee Misconduct | 3 | | 1 | | |
| Critical Risk High | 3 | | 3 | | 2 |
| External Fraud | 6 | 11 | 17 | 1 | |
| Other | | 2 | 2 | | |
| False Statements | 1 | | | | 1 |
| Whistleblower reprisal | 1 | | 1 | | |
| Internal Fraud | 1 | | 1 | | |
| Management Misconduct | 2 | 1 | 2 | | 1 |
| Miscellaneous | 1 | | | | 1 |
| Theft | 1 | | 1 | | |
| Proactive Initiative | 1 | | | | 1 |
| Regulatory Actions | 5 | | 2 | | 3 |
| Special Projects | 3 | | 3 | 1 | |
| **TOTAL:** | **28** | **14** | **33** | **2** | **9** |

*Number of reports issued represents the number of completed cases for which allegations were substantiated and the results were reported of the OIG

# DNFSB
## Allegations Received

### Sources of Allegations
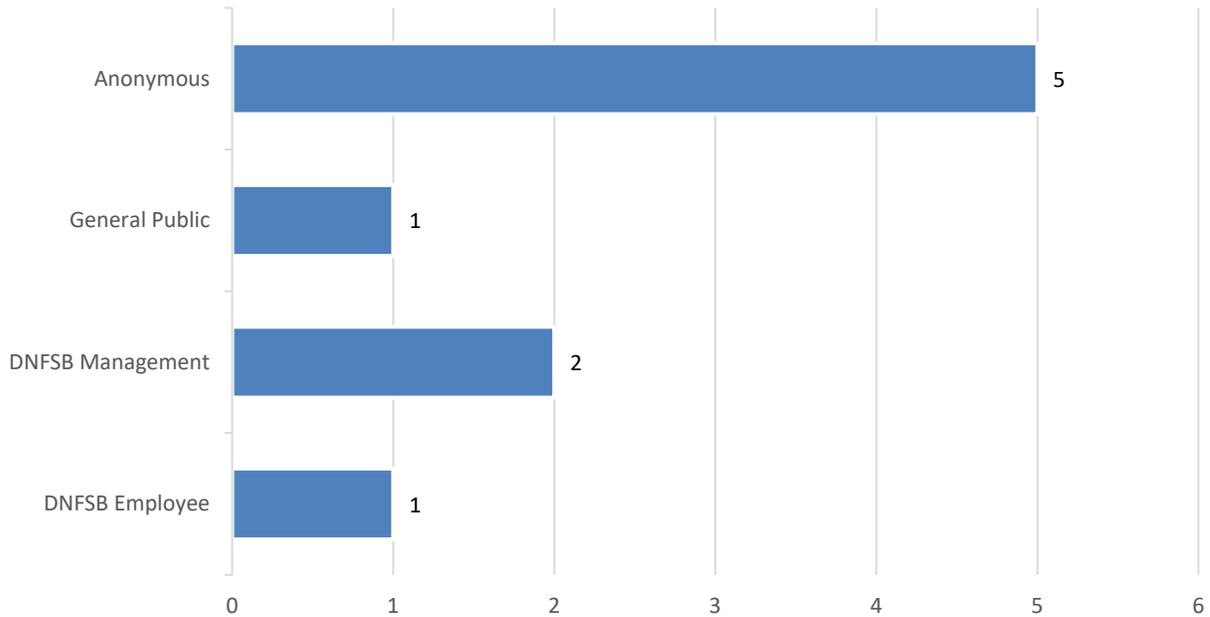


All nine allegations were received from the OIG Hotline; seven were completed administratively and two were referred for OIG investigation.

# Status of Investigations

**Federal**

DOJ Referrals*............................................... 0
Criminal Information/Indictments............ 0
Criminal Conviction.................................. 0
Civil Penalty Fines .................................. $0
Recoveries................................................ $0

**State and Local**

Referrals ......................................................0
Criminal Information/Indictments ............0
Criminal Convictions.................................0
Civil Penalty Fines..................................... $0
Recoveries................................................. $0

**DNFBS Administrative Actions**

Pending Agency Action...............................1

*In accordance with the reporting required of the Inspector General Act, the OIG shall provide the status and disposition of the matter, including—
(i) if the matter was referred to the Department of Justice; and,
(ii) if the Department of Justice declined the referral.

# Summary of Investigations

| Classification of Investigations | Opened Cases | Completed Cases | Cases in Progress |
|---|---|---|---|
| Employee Misconduct | | 1 | |
| Contract | 1 | | |
| Management Misconduct | | | 2 |
| **TOTAL:** | **1** | **1** | **2** |

*Number of reports issued represents the number of completed cases for which allegations were substantiated and the results were reported outside of the OIG.*

# NRC and DNFSB
# Unimplemented Audit and Evaluation
# Recommendations

**35** *years*  **10** *years*

# NRC

**Audit of the NRC's Decommissioning Funds Program (OIG-16-A-16)**
**2 of 9 recommendations open since June 8, 2016**
**Recommendation 1:**  *Status: Open: Resolved.  The staff plans to add additional criteria to Regulatory Guide (RG) 1.184 (Draft Regulatory Guide (DG)-1347) and to specifically indicate that exemptions are needed for any spending of the decommissioning trust fund other than for radiological decommissioning activities.  Estimated Final Rule Publication Date: November 2024.*
**Recommendation 2:**  *Status: Open: Resolved.  The staff plans to add additional criteria to RG 1.184 (DG-1347) and to specifically indicate that exemptions are needed for any spending of the decommissioning trust fund other than for radiological decommissioning activities.  Estimated Final Rule Publication Date: November 2024.*

**Independent Evaluation of the NRC's Implementation of the Federal Information Security Modernization Act (FISMA) of 2014 for Fiscal Year 2019 (OIG-20-A-06)**
**5 of 7 recommendations open since April 29, 2020**
**Recommendation 2:**  *Status: Open: resolved. (2.a and 2.b previously closed.)*
*2.c. The NRC has transitioned 11 of its 15 information systems to National Institute of Standards and Technology SP 800-53, Revision 5, "Security and Privacy Controls for Information Systems and Organizations," issued September 2020.  The transition of the remaining 4 systems to Revision 5 is expected to be completed in fourth quarter (Q4) of fiscal year (FY) 2024.  Therefore, the NRC requests a new target completion date of FY 2024 Q4.*
*2.d. The NRC used its fully defined ISA to conduct an organization-wide security risk assessment, as well as an assessment of privacy risks.  Due to resource constraints, the organization-wide security risk assessment covers one-third of the ISA every year.  The remaining two-thirds of the organization-wide security risk assessment will be completed in FY 2024, Q4.*
*2.e. The NRC is in the process of using its fully defined ISA to conduct a supply chain risk assessment. The NRC requests a new target completion date of FY 2024, Q3.*
**Recommendation 4:**  *Status: Open: Resolved.  The NRC will perform an assessment of role-based privacy training gaps.  This assessment will identify NRC employees and contract personnel who have roles that require specific privacy training.  Because of resource priorities, the NRC is requesting a new target completion date of FY 2024, Q2.*
**Recommendation 5:**  *Status: Open: Resolved.  Based on the results of the assessment referenced in recommendation 4, the NRC will update and develop annual role-based privacy training.  The assessment is scheduled to be completed in Q2 of FY 2024.  The agency plans to complete the associated training development and implementation by FY 2025, Q1.*
**Recommendation 6:**  *Status: Open: Resolved.  The NRC estimates that the agency will need 6 months to complete this task.  Because this task is dependent on the completion of recommendation 2e, the NRC's new target date for completion is FY 2025, Q1.*
**Recommendation 7:**  *Status: Open: Resolved.  The NRC will evaluate the finalized ISA and the agency's contingency planning requirements to determine the impact and related necessary updates to policies and procedures. Due to limited resources and other priority operational and cybersecurity work.  Target Completion Date: FY 2024, Q4.*

**Independent Evaluation of the NRC's Implementation of the Federal Information Security Modernization Act (FISMA) of 2014 for Fiscal Year 2020 (OIG-21-A-05)**
**7 of 13 recommendations open since March 19, 2021**
**Recommendation 2:**  *Status: Open: Resolved.*
*2.c. The NRC has transitioned all of its information systems to National Institute of Standards and Technology SP 800-53, Revision 5, "Security and Privacy Controls for Information Systems and Organizations," issued September 2020, except for Office of Nuclear Security and Incident Response Federal Information Security Modernization Act of 2014 (FISMA) systems.  The transition of these systems to Revision 5 was expected to be funded in Q3 of FY 2023.  Therefore, the NRC is requesting a new Target Completion Date of July 31, 2024.*
*2.e. The NRC consistently assesses the criticality of Plans of Action and Milestones (POA&Ms) by ensuring that information systems security officers and assessors adhere to CSO-PROS-2030, "NRC Risk*

Management Framework (RMF) Process," specifically step 5.  CSO-PROS-2030 further prescribes that assessors follow CSO-PROS-2102, "System Cybersecurity Assessment Process," when performing security assessments.  Additionally, CSO-STD-0020, "System Security and Privacy Controls Standard," prescribes the organizationally defined frequency by which all such testing is performed.  Finally, the Risk and Continuous Authorization Tracking System (RCATS) employs a POA&M management component that requires all POA&Ms to be assigned a criticality (severity) at the time of creation.  To date, 13 out of 15 FISMA systems have been migrated to RCATS.  The NRC expects to migrate the remaining two systems to RCATS by FY 2024, Q3.

**Recommendation 5**:     *Status: Open: Resolved.  The NRC will update its onboarding procedures to require individuals to complete a nondisclosure agreement before they are granted access to the NRC's systems and information.  The clearance waiver process is wholly contained within the NRC's onboarding process and will inherit the updated procedures.  The updated procedures will apply to all individuals who will be granted NRC network access after receiving an IT-1, IT-2, L, or Q clearance.  Individuals granted building access clearances will not be included because they are not granted access to the NRC network.  The nondisclosure agreement will be an updated version of the NRC's Form 176A, "Security Acknowledgment." Because of the estimated time needed to obtain an Office of Management and Budget clearance for these changes to Form 176A, the NRC is recommending a new target completion date of FY 2024, Q3.*

**Recommendation 6**:     *Status: Open: Resolved.  The NRC will conduct an in-depth, independent assessment of the Privacy Program, which will cover roles and training gaps.  Using the results of the assessment, the NRC will update and develop annual role-based privacy training to address the identified gaps.  The NRC will begin the assessment in Q3 of FY 2023, with completion planned by the Q1 of FY 2024. The agency plans to complete the associated training development and implementation by FY 2025, Q1.*

**Recommendation 8**:     *Status: Open: Resolved.  The Office of the Chief Information Officer (OCIO) will analyze the agency's security awareness and role-based training records to better inform its response to this recommendation.  OCIO staff will also consult with stakeholders such as the Office of the Chief Human Capital Officer and the National Treasury Employees Union to develop a specific, risk-based solution to restrict NRC network access for employees who do not complete annual security awareness training and, if applicable, their assigned role-based security training.  To perform this analysis and develop a solution the NRC requests a new Target Completion Date of FY 2024, Q2.*

**Recommendation 10**:     *Status: Open: Resolved.  The NRC will conduct an organizational level business impact assessment (BIA) to determine contingency planning requirements and priorities, including for mission-essential functions/high-value assets, and update contingency planning policies and procedures accordingly.  Target Completion Date: FY 2024, Q4.*

**Recommendation 12**:     *Status: Open: Resolved.  The NRC and the OIG are working to come to an agreement on a sufficient way to complete this recommendation.  The OIG will close the recommendation after the NRC integrates metrics for measuring the effectiveness of information system contingency plans with information on the effectiveness of related plans to deliver persistent situational awareness across the organization.  Target Completion Date:  FY 2025, Q1.*

**Recommendation 13**:     *Status: Open: Resolved.  The NRC and the OIG are working to come to an agreement on a sufficient way to complete this recommendation.  The OIG will close the recommendation when the agency provides documentation of the cost-benefit analysis and detailed information on the decision as to why or why not the agency will implement automated mechanisms to test system contingency plans, then update and implement procedures to coordinate contingency plan testing with ICT supply chain providers and implement an automated mechanism to test system contingency plans.  Target Completion Date: FY 2025, Q1.*

**Audit of the NRC's Implementation of the Enterprise Risk Management Process (OIG-21-A-16) 8 of 8 recommendations open since September 28, 2021**

**Recommendation 1**:     *Status: Open: Resolved.  The Office of the Executive Director for Operations (OEDO) staff is working to develop the agency's risk appetite statement.  Upon completion, the staff will implement a process to periodically communicate a consistently understood agency risk appetite.  The agency's risk appetite statement and associated process for periodic communication will be incorporated in the next revision to OEDO Procedure 0960.  Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC staff and to update OEDO Procedure 0960.  Target Completion Date: September 29, 2024*

**Recommendation 2**:     *Status: Open: Resolved.  The staff is revising agency policy and guidance to designate the official agency risk profile document, remove references of OMB deliverables, and fully address risk profile components and elements in accordance with OMB Circular A-123.  The staff will revise*

*MD 4.4 and OEDO Procedure 0960 as proposed in this recommendation. Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC and to update OEDO Procedure 0960 as described in the updated response to Recommendation 1. Target Completion Date: September 29, 2024.*

**Recommendation 3:** *Status: Open: Resolved. The NRC staff anticipated that OMB would revise and issue its primary guidance document for maturity models by late 2021. To date, this guidance document has not been issued, and the staff has not been able to obtain a revised date for publication. However, the staff will use the one-page maturity model that OMB has already developed to draft and implement the NRC's ERM maturity model. The implementation of this maturity model will include the development of an action plan with milestones to assess current practices and advance the model. Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC. Target Completion Date: September 29, 2024.*

**Recommendation 4:** *Status: Open: Resolved. The NRC staff has begun implementing this recommendation by ensuring that QPR practices are fully performed by September 29, 2023. The staff plans to update OEDO Procedure 0960 with best practices based on this recommendation, including, but not limited to completion of QPR Dashboard entries, and recordation of all management decisions of risk in the QPR meeting summaries and the Executive Committee on ERM (ECERM) meeting minutes. Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC and to update OEDO Procedure 0960 as described in the updated response to Recommendation 1. Target Completion Date: September 29, 2024.*

**Recommendation 5:** *Status: Open: Resolved. The OEDO is working with OCFO staff to establish and maintain a common business lines structure list. Upon completion, the staff will update ERM-related guidance. Any deviation from this business line structure will be identified with written justification in the resulting product. Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC and update the ERM-related guidance. Target Completion Date: September 29, 2024.*

**Recommendation 6:** *Status: Open: Resolved. The NRC staff is revising the guidance documents as mentioned in this recommendation. Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC and update the guidance documents. Target Completion Date: September 29, 2024.*

**Recommendation 7:** *Status: Open: Resolved. The OEDO is working with OCFO to update policies and guidance to clarify the effective date of the quarterly risks in the QPR process. Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC and update the guidance documents. Target Completion Date: September 29, 2024*

**Recommendation 8:** *Status: Open: Resolved. The staff is developing ERM training that will address OMB Circular A-123 requirements and best practices. This training will periodically be provided to staff with ERM responsibilities. Additional time to complete this item is necessary to facilitate further staff collaboration within the NRC to finalize the training. Target Completion Date: September 29, 2024.*

**Independent Evaluation of the NRC's Implementation of the Federal Information Security Modernization Act (FISMA) of 2014 for Fiscal Year 2021 (OIG-22-A-04)**
**9 of 18 recommendations open since December 20, 2021**

**Recommendation 6:** *Status: Open: Resolved. The NRC has developed two draft computer security processes in CSO-PROS-0008, "Process to Assess, Respond, and Monitor ICT Supply Chain Risks," and CSO-PROS-0007, "Process to Use SCR Investigation Service to Determine Information and Communications Technology (ICT) Supply Chain Risk Associated with an Offeror," both dated August 8, 2022, that are currently being used to determine the supply chain risk associated with an ICT product or service and to perform appropriate responsive actions and monitor the risk over time. The NRC will finalize the processes once a sufficient number of assessments have been performed to determine the effectiveness of the evaluations. Target Completion Date: FY 2024, Q3.*

**Recommendation 7:** *Status: Open: Resolved. The tools and technologies required for automated scanning and detection of counterfeit information technology (IT) assets in the NRC's environment are not yet available. However, in April 2021, the NRC developed CSO-PROS-0006, "Counterfeit and Compromised ICT Product Detection Process," to ensure that counterfeit products are detected before they are added to the NRC's environment. In addition, Section 6, "After Acceptance," of CSO-PROS-0006 outlines the requirement for automated scanning and detection and will be updated when the associated tools and technologies are available industrywide. In the rare instances when physical IT components are awaiting repair, those components are maintained and managed in NRC controlled physical space. The appropriate NRC staff members generally vet any third-party service personnel and replacement parts. The NRC will update*

*CSO-PROS 0006 to include the vetting of third-party service personnel and replacement parts to detect counterfeit parts and other components and prevent them from being added to its environment. Target Completion Date: FY 2025, Q1.*

**Recommendation 8:** *Status: Open: Resolved. Pursuant to the Supply Chain Security Training Act of 2021 (Public Law 117-145), the General Services Administration is required to develop training for federal officials to leverage this training, which will be implemented by the Office of Management and Budget, when it becomes available. Target Completion Date: FY 2024, Q3.*

**Recommendation 11:** *Status: Open: Resolved. The NRC will update its onboarding procedures to require individuals to complete a nondisclosure agreement before they are granted access to the agency's systems and information. The clearance waiver process is wholly contained within the NRC's onboarding process and will inherit the updated procedures. The updated procedures will apply to all individuals who will be granted NRC network access after receiving an IT-1, IT-2, L, or Q clearance. Individuals granted building access clearances will not be included because they are not granted access to the NRC network. The nondisclosure agreement will be an updated version of the NRC's Form 176A, "Security Acknowledgment." Because of the estimated time needed to obtain an Office of Management and Budget clearance for these changes to Form 176A, the target date has been adjusted. Target Completion Date: FY 2024, Q3.*

**Recommendation 13:** *Status: Open: Resolved. The creation of a separate, secure system to perform this security awareness and role-based training activity is not deemed cost effective since it would require the duplication of existing hardware, software, and support services. It would also redirect staff from other network operations and maintenance tasks, which could cause security and operational issues to the main network and reduce the NRC's ability to provide mission-focused services. The NRC estimates that this would increase costs across the Information Technology/Information Management Business Line, including hardware, software, operational maintenance, and NRC staff and contractual support resources, by nearly $1 million annually. This estimated cost does not include any changes that would be required by the Office of the Chief Human Capital Officer for its training system or resources. Rather than implement this specific recommendation, the NRC plans to add to its onboarding process streamlined security training that contains the Rules of Behavior but does not contain sensitive information. The onboarding process occurs before employees and contractors gain access to the NRC network. The agency will also strengthen its post-onboarding process to ensure that new employees and contractors complete all required security awareness and role-based training, including acknowledging the Rules of Behavior, within the required timeframe. These changes, along with the personnel security processing that occurs before onboarding, make this a low risk to NRC systems. The NRC will provide more information upon request. Target Completion Date: The NRC recommends closure of this item.*

**Recommendation 14:** *Status: Open: Resolved. The NRC Office of the Chief Information Officer (OCIO) staff will consult with stakeholders such as the Office of the Chief Human Capital Officer and the National Treasury Employees Union to develop a specific, risk-based solution to restrict NRC network access for employees who do not complete annual security awareness training and, if applicable, their assigned role-based security training. The NRC requests a new target completion date of FY 2024, Q3. Target Completion Date: FY 2024, Q3.*

**Recommendation 16:** *Status: Open: Resolved. The NRC will conduct an organization-level business impact assessment (BIA) to determine contingency planning requirements and priorities, including for mission essential functions and high-value assets, and update contingency planning policies and procedures accordingly. Because of limited resources and other priority operational and cybersecurity work, the NRC is now targeting completion in FY 2024, Q3. Target Completion Date: FY 2024, Q3.*

**Recommendation 17:** *Status: Open: Resolved. The NRC will integrate metrics for measuring the effectiveness of information system contingency plans with information on the effectiveness of related plans, such as organization and business process continuity, disaster recovery, incident management, insider threat implementation, and occupant emergency plans, as appropriate, to deliver persistent situational awareness across the organization. Target Completion Date: FY 2024, Q4.*

**Recommendation 18:** *Status: Open: Resolved. The NRC is assessing approaches to implement procedures to coordinate contingency plan testing with ICT supply chain providers. Target Completion Date: FY 2024, Q4.*

**Audit of the NRC's Permanent Change of Station Program (OIG-22-A-05)**
**1 of 4 recommendations open since January 19, 2022**
**Recommendation 1:** *Status: Open: Resolved. The Office of the Chief Financial Officer (OCFO) is in the process of updating Management Directive (MD) 14.2, Relocation Allowances. As part of the update, OCFO staff has collaborated with the Office of the Chief Human Capital Officer to revise the relocation process for*

*efficiencies and will ensure that MD 14.2 fully reflects these updates while complying with federal guidance. On July 26, 2023, we were informed that this update would be complete by June 30, 2024, but the update has been delayed because of mediation between National Treasury Employees Union and the agency. Target Completion Date:  September 30, 2024.*

**Audit of the NRC's Oversight of Counterfeit, Fraudulent, and Suspect Items at Nuclear Power Reactors (OIG-22-A-06)**
**2 of 8 recommendations open since February 9, 2022**
**Recommendation 4:**   *Status: Open: Resolved.  The NRC will include the definition of CFSI in its updated inspection procedures and guidance, as identified in the response to recommendation 6, which references the documents and inspection guidance that have been or will be updated.  The NRC staff will continue to work with the program offices to update the remaining documents.  Target Completion Date:  May 31 2024.*
**Recommendation 6:**   *Status: Open: Resolved.  The NRC staff has updated the following inspection procedures to incorporate appropriate CFSI guidance, including the agency's formal definition of CFSI:  IP 60852, "ISFSI Component Fabrication by Outside Fabricators," dated August 17, 2023 (Agencywide Documents Access and Management System Accession No. ML23216A051), IP 60853, "Onsite Fabrication of Components and Construction of an Independent Spent Fuel Storage Installation," dated August 17, 2023 (ML23216A052), IP 86001, "Design, Fabrication, Testing, and Maintenance of Transportation Packaging's," dated August 17, 2023 (ML23216A053).  The staff continues working with other program offices to update the following regulatory guides (RGs):  RG 1.164, Revision 0, "Dedication of Commercial-Grade Items for Use in Nuclear Power Plants," issued June 2017 (ML17041A206), RG 1.234, Revision 0, "Evaluating Deviations and Reporting Defects and Noncompliance Under 10 CFR Part 21," issued April 2018 (Ml17338A072).  The NRC has issued updates to these two RGs for public comment, and the agency anticipates resolving any comments received by the end of December 2023.  Accounting for the Office of Management and Budget's review of the two RGs, the staff plans to issue these RGs by March 2024. Following the update of these two RGs, the NRC will issue an administrative change to Regulatory Issue Summary (RIS) 2015-08, "Oversight of Counterfeit, Fraudulent, and Suspect Items in the Nuclear Industry," dated June 24, 2015 (ML15008A191), to reference the definition of CFSI in these two RGs.  The staff anticipates completing this administrative change to RIS 2015-08 by April 2024.  Target Completion Date: May 31 2024*

**Audit of the NRC's Drop-In Meeting Policies and Procedures (OIG-22-A-12)**
**2 of 4 recommendations open since August 12, 2022**
**Recommendation 1:**   *Status: Open:  Resolved.  The Office of the Executive Director for Operations (OEDO) will update the NRC's public web page to include a description of the purposes and benefits of, and the controls on, the drop-in meeting process in accordance with guidance that the OEDO is developing to systematize practices related to drop-ins (see Recommendation 2 below).  Target Completion Date: September 30, 2024.*
**Recommendation 4:**   *Status: Open:  Resolved.  Upon completion of Recommendations 2 and 3, the OEDO will communicate the development of the new guidance in an agencywide announcement.  The OEDO will also coordinate with the NRC program and regional offices to provide training to their staff on this subject. Target Completion Date:  September 30, 2024.*

**Audit of the NRC's Strategic Workforce Planning Process (OIG-22-A-13)**
**3 of 3 recommendations open since September 26, 2022**
**Recommendation 1:**   *Status: Open:  Resolved.  NRC initiated an evaluation of the Strategic Workforce Planning (SWP) Process in October 2022.  The evaluation was conducted by Pacific Research and Evaluation (PRE) and was recently completed.  Once the evaluation report is finalized, OCHCO will determine what recommendations to implement, and will update SWP guidance based on the outcomes of the evaluation report.  Target Completion Date:  April 30, 2024.*
**Recommendation 2:**   *Status: Open:  Resolved.  The OIG recommendation to expand attrition data to include both retirement and non-retirement separations has been shared with PRE.  SWP guidance will be updated at the conclusion of the evaluation and will include the OIG recommendation.  Target Completion Date:  April 30, 2024.*
**Recommendation 3:**   *Status:  Open:  Resolved.  The Human Capital Operating Plan (HCOP) information will be included in Management Directive 6.10, "Strategic Planning," which is scheduled to be updated in calendar year 2024.  Target Completion Date:  September 30, 2024.*

**Audit of the NRC's Implementation of the Federal Information Security Modernization Act (FISMA) for Fiscal Year 2022 (OIG-22-A-14)**
**4 of 7 recommendations open since September 29, 2022**
[Recommendation 2](): *Status: Open: Resolved. The NRC reviewed internal processes and identified that step 3 in the NRC policy CSO-PROS-2030, "Risk Management Framework Process," provides a process for the annual review and update of the SSP, which includes the System Interconnections tab. In addition, CSO-PROS-1323, "Continuous Monitoring Process," requires performance of an annual review. The NRC will conduct a training session during its next agencywide Information Systems Security Manager Forum, addressing the requirements of CSO-PROS-2030 and CSO PROS-1323. The new target completion date is the third quarter (Q3) of fiscal year (FY) 2024. Target Completion Date: FY 2024, Q4.*
[Recommendation 4](): *Status: Open: Resolved. Due to the size and complexity of the ITI system covered by the Federal Information Security Modernization Act of 2014 (FISMA), the NRC will capitalize on its existing Office of the Chief Information Officer (OCIO) Service Model to assign primary ITI asset inventory responsibilities to the associated service area role. Service area role information technology asset inventory responsibilities will be defined, and metrics developed to ensure accuracy. Due to competing priorities and dependencies on a legacy system migration, the NRC's new target completion date is Q4 of FY 2024. Target Completion Date: FY 2024, Q4.*
[Recommendation 6](): *Status: Open: Resolved. The NRC will implement a process to ensure that all personnel with privileged level responsibilities complete annual security awareness and role-based training if applicable. Due to competing priorities and resource limitation, the NRC's new target completion date is FY 2024, Q3. Target Completion Date: FY 2024, Q3.*
[Recommendation 7](): *Status: Open: Resolved. The NRC will implement a process to validate that all new contractors complete their initial security training requirements and acknowledgement of rules of behavior before accessing the NRC environment and to subsequently ensure that the completion of annual security awareness training and renewal of rules of behavior is tracked. Due to competing priorities and resource limitations, the NRC's new target completion date is FY 2024, Q3. Target Completion Date: FY 2024, Q3.*

**Audit of the U.S. Nuclear Regulatory Commission's Vacancy Announcement Process (OIG-23-A-03)**
**4 of 4 recommendations open since April 2023**
[Recommendation 1.1](): *Status: Open: Resolved. The Office of the Chief Human Capital Officer (OCHCO) will develop and implement a systematic approach to record complete, accurate, and easily retrievable vacancy announcement data. Specifically, OCHCO will identify an electronic information repository and develop corresponding guidance to ensure vacancy announcement data is routinely entered, updated, and tracked, based on various phases and activities associated with the hiring process which will provide reliable data for tracking of hiring activity. Target Completion Date: December 1, 2024.*
[Recommendation 1.2](): *Status: Open: Resolved. OCHCO will develop and implement Workforce Transformation Tracking System (WTTS) training for all applicable managers and staff. This training will be provided through a variety of methods including a written handbook and via tutorial sessions on how to navigate WTTS and perform actions including data entry and reporting functions. This will be captured in a new OCHCO Procedure. Target Completion Date: TBD*
[Recommendation 2.1](): *Status: Open: Resolved. OCHCO revised agency policy (i.e., Management Directive 10.1, "Recruitment, Appointments, and Merit Staffing) to include and clarify requirements associated with the NRC's application of Direct Hire Authority (DHA) and it was published for all employees on May 25, 2023. The NRC recommends closure of this recommendation. Target Completion Date: TBD*
[Recommendation 2.2](): *Status: Open: Resolved. OCHCO provided hiring managers training during a KNOWvember knowledge management initiative held in 2023. Moving forward, regular training sessions will be provided through diverse forums to guarantee a broader and more consistent understanding of DHAs. The NRC recommends closure of this recommendation. Target Completion Date: TBD*

**Audit of the U.S. Nuclear Regulatory Commission's Oversight of Irretrievable Well Logging Source Abandonments (OIG-23-A-04)**
**4 of 5 recommendations open since May 4, 2023**
[Recommendation 1.1](): *Status: Open: Resolved. Ongoing. The staff collaborated with the Regions, reviewed the existing policy and agencywide positions related to well logging source abandonments and determined that they were sufficient. The staff evaluated updating Nuclear Material Safety and Safeguards (NMSS) Office Procedure 70-09, "NMSS Processing of Technical Assistance Requests (non-public L17080A506)," and determined that it is more appropriate to include these references in the proposed new*

*NMSS office procedure, titled "Procedures for Processing and Handling of Irretrievable Well Logging Source Abandonments." Target Completion Date: September 10, 2024.*

**Recommendation 1.2**: *Status: Open: Resolved. Ongoing. The NMSS staff is collaborating with the regions to establish guidance to be included in a proposed new NMSS office procedure, titled "Procedures for Processing and Handling of Irretrievable Well Logging Source Abandonments." Target Completion Date: September 10, 2024.*

**Recommendation 1.4**: *Status: Open: Resolved. Ongoing. The staff is developing a new NMSS office procedure, "Procedures for Processing and Handling of Irretrievable Well Logging Source Abandonments." Target Completion Date: September 10, 2024.*

**Recommendation 2.1**: *Status: Open: Resolved. Ongoing. The staff is developing a new NMSS office procedure, "Procedures for Processing and Handling of Irretrievable Well Logging Source Abandonments." The staff will also update SA-300, "Handbook on Nuclear Material Event Reporting for the Agreement States" to formalize the guidance for Agreement States to submit written reports received from Agreement State licensees to the Nuclear Materials Events Database (NMED). Target Completion Date: September 10, 2024.*

**Audit of the U.S. Nuclear Regulatory Commission's Processes for Deploying Reactive Inspection Teams (OIG-23-A-06)**
**1 of 3 recommendations open since May 10, 2023**

**Recommendation 3.1**: *Status: Open: Resolved. The staff continues to develop and document its procedures for conducting periodic effectiveness reviews of: (1) Management Directive 8.3, "NRC Incident Investigation Program;" and (2) the implementation of IMC 0309. Target Completion Date: November 2024.*

**Audit of the U.S. Nuclear Regulatory Commission's Voluntary Leave Transfer Program**
**5 of 6 recommendations open since August 21, 2023 (OIG-23-A-09)**

**Recommendation 1**: *Status: Open: Resolved. The staff concurs with the recommendation. The staff is updating Management Directive (MD) 10.62, Leave Administration, and enhancing the Office of the Chief Human Capital Officer (OCHCO) Leave Share webpage to provide comprehensive guidance on the Voluntary Leave Transfer Program (VLTP) as well as establish clear and well-defined roles and responsibilities, including continuous monitoring and accurate recordkeeping. Regarding MD 10.62 not specifying which unit or official is responsible for VLTP oversight and monitoring, we believe it is essential that the CHCO retains the discretion to designate, in writing, the responsible unit or official for the VLTP. This flexibility allows the NRC to adapt to changing circumstances and tailor the program structure as needed. Therefore, the revised MD 10.62 will not specify the responsible unit or official. However, the agency's Leave Share webpage will include the name and contact information of the VLTP Program Coordinator. Target Completion Date: October 24, 2024.*

**Recommendation 2**: *Status: Open: Resolved. The staff concurs with the recommendation. The staff is actively updating Management Directive (MD) 10.62, Leave Administration, and enhancing the Office of the Chief Human Capital Officer (OCHCO) Leave Share webpage to revise agency policies and procedures that will ensure consistency with current federal regulations and agency processes and recordkeeping policy. Additionally, the OCHCO is updating its internal standard operating procedures (SOP) to reflect current practices and ensure the SOP is consistent with agency guidance. Target Completion Date: October 24, 2024.*

**Recommendation 3**: *Status: Open: Resolved. The staff concurs with the recommendation. The staff will establish a process for conducting a thorough assessment of the case files of current leave recipients to verify their ongoing eligibility. To facilitate this process, the VLTP Program Coordinator has engaged with several recipients to determine the status of their medical emergency. Updated medical documentation and recertification using OPM 630, Application to Become a Leave Recipient Under the Voluntary Leave Transfer Program, has been requested from the current leave recipients. The process will ensure that in cases where it is determined that an employee is no longer eligible to be a leave recipient under the VLTP, the employee will be notified promptly of the agency's determination and the date their participation in the program will be terminated. Target Completion Date: October 24, 2024.*

**Recommendation 4**: *Status: Open: Resolved. The staff concurs with the recommendation. The staff has created an internal process aimed at improving their ability to capture VLTP leave recipient information, that documents the date that the employee enrolled in the VLTP, their expected and actual termination dates from the program, and the amount of and date donations are received from donors. Additionally, the staff maintains case files for each leave recipient that includes the VLTP application (OPM 630), medical*

*certification, VLTP approval memorandum, Federal Personnel and Payroll System (FPPS) leave record, and any other pertinent documents relevant to each leave recipient's case. The staff will develop procedures to ensure continuous monitoring. Target Completion Date: May 31, 2024.*

**Recommendation 6:** *Status: Open: Resolved. The staff concurs with the recommendation. The staff will develop quality assurance procedures and implement quarterly quality assurance checks to ensure dates are captured correctly in FPPS, cross-referencing FPPS dates with the documentation related to each leave recipient's enrollment. In addition to quarterly reviews, the staff will also conduct quality assurance reviews prior to closing a VLTP case. Target Completion Date: May 31, 2024.*

# DNFSB

**Audit of the DNFSB's Human Resources Program (DNFSB-20-A-04)**
**6 of 6 recommendations open since January 27, 2020**

**Recommendation 1:** *Status: Open: Resolved. HR to coordinate with OTD Q4 2023, to lay foundation for developing a recruitment plan in coordination with OEDO EEO Program Manager to address DEIA item for 2024. Awaiting Human Capital Plan prioritization of this action item. Target Completion Date: TBD*

**Recommendation 2:** *Status: Open: Resolved. HR to prioritize development of step by step hiring process metric in agreement with priority assigned in the Human Capital Plan currently under development for publication anticipated end 2024. Upon completion of DN staffing operating procedure the step by step hiring process will be finalized to review and report anticipated in 2024. Target Completion Date: TBD*

**Recommendation 3:** *Status: Open: Resolved. HR anticipates completion of DN staffing operating procedure to include technical qualifications standards for DN 2 through DN-5 due for draft completion and publication in FY 2024, Q4. Target Completion Date: FY 2024, Q4.*

**Recommendation 4:** *Status: Open: Resolved. HR anticipates delivery of training on hiring process for all DNFSB pay plans Q4 2024. Target Completion Date: FY 2024, Q4.*

**Recommendation 5:** *Status: Open: Resolved. HR anticipates preliminary study to be shared with new EDO: anticipated hire by 2024. Target Completion Date: FY 2024, Q4.*

**Recommendation 6:** *Status: Open: Resolved. HR anticipates development of action plan post EDO hire 2024. Target Completion Date: FY 2024, Q4.*

**Independent Evaluation of the DNFSB's Implementation of the Federal Information Security Modernization Act (FISMA) of 2014 for Fiscal Year 2019 (DNFSB-20-A-05)**
**4 of 11 recommendations open since March 31, 2020**

**Recommendation 3:** *Status: Open: Resolved. 3.a. DNFSB has implemented Qualys, Intune, and Defender as vulnerability and compliance management platforms. These systems have dashboards which provide an up-to-date, complete, accurate, and readily available Agencywide view of security configurations. Vulnerability reports are provided to the CIO/CISO weekly and include the number of open vulnerabilities, the number of patches applied in the last 7 days, and detailed information on remediation efforts. Target Completion Date: TBD*
*3.b. DNFSB seeks clarification from the OIG of the specific actions that are required to resolve this portion of the Recommendation. Target Completion Date: TBD*
*3.c. DNFSB seeks clarification from the OIG of the specific actions that are required to resolve this portion of the Recommendation. Target Completion Date: TBD*
*3.d. A centralized view of risk across the organization will be possible once the Agency implements an Enterprise Risk Management Program, which is currently under development with an outside consultant. DNFSB anticipates completing these tasks by Quarter 4 FY 2023.*

**Recommendation 5:** *Status: Open: Resolved. The DNFSB Configuration Management Plan details change control procedures. Consequences for noncompliance are detailed in the DNFSB Configuration Management Policy, section 6: Compliance (revised March 2023), and the DNFSB Information Systems User Agreement + IT Equipment Agreement Form, section: Policy, Standards, and Procedures Must Be Followed. DNFSB required all members of the IT Team that are authorized to submit change request tickets to take remedial "CCB and Change Request Training" in August 2022 and then take an updated remedial training in December 2022 that addressed changes to the CCB & SIA form process. Based on actions already taken, DNFSB's position is that this recommendation needs to be closed. Target Completion Date: TBD*

**Recommendation 8:** *Status: Open: Resolved. DNFSB continues to implement its zero-trust architecture, which encompasses the majority of DNFSB's "to-be" ICAM infrastructure. Without guidance on*

*what specific additional actions the OIG indicates need to be taken, the DNFSB claims that it cannot close out this recommendation.  Target Completion Date:  TBD*

**Recommendation 11**:  *Status:  Open: Resolved.  Supply Chain Risk, including ICT, will be addressed in an upcoming Supply Chain Risk Management Program Operating Procedure.  The estimated completion is FY2024, Q4.*

**Independent Evaluation of DNFSB's Implementation of the Federal Information Security Modernization Act (FISMA) of 2014 for Fiscal Year 2020 (DNFSB-21-A-04)**
**9 of 14 recommendations open since March 25, 2021**

**Recommendation 1**:  *Status:  Open: Resolved.  DNFSB has completed development of their Zero Trust Implementation Plan and is actively working towards its implementation. This plan is the equivalent of an Information Security Architecture.  Based on actions already taken, DNFSB's position is that this Recommendation needs to be closed.  Target Completion Date:  TBD*

**Recommendation 2**:  *Status:  Open: Resolved. 2.a. DNFSB is currently contracting with an outside consultant to develop an Enterprise Risk Management (ERM) Program and process, which will assess risk at the enterprise level.  DNFSB's existing Executive Committee on Internal Controls (ECIC) assesses risk at the business process level, and DNFSB's existing Risk Management Framework handbook, configuration management, and continuous monitoring processes assess risk at the information system level.*
*2.b. Risk tolerance, risk profiles and a risk register will be established as part of DNFSB's ERM program. Risks from the information system level will flow up to the business process level, and risks at the business process level will flow up to the enterprise level to allow management to make more informed risk management decisions.  Target Completion Date:  TBD*
*2.c. DNFSB will conduct an organization wide security and privacy risk assessment once the ERM program has been established.*
*2.d. DNFSB will conduct a supply chain risk assessment in FY2024,Q2.*

**Recommendation 3**:  *Status:  Open: Resolved.  DNFSB is currently contracting with an outside consultant to develop an Enterprise Risk Management Program and process in accordance with recommendation 2020-2.  Once complete, DNFSB can begin working on this recommendation.*
*3.a. DNFSB seeks clarification from the OIG of the specific actions that are required to resolve this portion of the Recommendation. Target Completion Date:  TBD*
*3.b. DNFSB will review existing policies & procedures against the recommendations in NIST SP-800 55 Rev.2 and make any updates by Q2 FY2024.*
*3.c. DNFSB is currently contracting with an outside consultant to develop an Enterprise Risk Management (ERM) Program and process, which will assess risk at the enterprise level. DNFSB's existing Executive Committee on Internal Controls (ECIC) assesses risk at the business process level, and DNFSB's existing Risk Management Framework handbook, configuration management, and continuous monitoring processes assess risk at the information system level.  Target Completion Date:  TBD*
*3.d. DNFSB will update its Risk Management Framework Handbook and its and Continuous Monitoring Policies & Procedures Guide to include prioritization of vulnerabilities based on severity level by Q2 FY2024.*

**Recommendation 4**:  *Status: Open: Resolved.  DNFSB has implemented Qualys, Intune, and Microsoft Defender as hardware/software monitoring platforms.  These systems have dashboards which provide a near real time view of hardware and software on the network.  Track-It! and KACE have been implemented and their configurations are refined as needed.  Device compliance policies, enforced by Microsoft Intune, identify devices (Agency laptops and iPhones) that are not running the current versions of Operating Systems.  Only iPhones purchased through Apple Business Manager (formerly DEP) program can be enrolled in Intune, so no unauthorized mobile hardware can connect to DNFSB's IT resources (no BYOD devices allowed).  Users cannot install unauthorized software (all software on iPhones must be approved and installed through Intune; users cannot access the Apple Store).  Target Completion Date:  TBD*
*Based on actions already taken, DNFSB's position is that this Recommendation needs to be closed.*

**Recommendation 7**:  *Status: Open: Resolved.  DNFSB and the OIG have changed their processes and no longer require any users to sign a non-disclosure agreement in addition to the DNFSB IT User Agreement/Rules of Behavior form, which every user must sign prior to being granted access to DNFSB resources.  DNFSB relies on documented procedures to ensure that users are not granted access to DNFSB information systems prior to completion of required training & signing of the IT User Agreement/Rules of Behavior form.  DNFSB has created a new System Authorization Access Request (SAAR) process and automated workflow in SharePoint to streamline the new account creation process and is also in the process of acquiring an agency-wide automated ticketing solution, which will be used to more fully automate standard processes such as account provisioning/de-provisioning.  When this new system is*

*implemented, DNFSB will be able to close this Recommendation. DNFSB plans to acquire this new ticketing system in Q4 2023 and put it into production by 2024, Q2.*

**Recommendation 9**: *Status: Open: Resolved. DNFSB has determined that automated management of privileged accounts presents a higher risk than the current manual process of account review. DNFSB has implemented a manual review of account activity based on automated reports sent from the Varonis tool weekly. Administrators review this data and act in accordance with DNFSB policies and procedures. DNFSB will request a risk acceptance for this recommendation by FY 2024, Q4.*

**Recommendation 10**: *Status: Open: Resolved. DNFSB provides role-based privacy training within its required annual Cyber Awareness training. Topics such as Social Networking, handling of Controlled Unclassified Information (CUI) and Classified data, website use, and Social Engineering are all covered by this training. Each user is required to complete this training prior to accessing DNFSB systems. DNFSB further requires all users to take annual Controlled Unclassified Information (CUI) training, and all federal employees with DOE clearances must take an annual clearance holder training, both of which address requirements for accessing, storing, and transmitting sensitive information. DNFSB has developed updated privacy training and will deliver it to agency users by the end of Q1 FY2024. DNFSB claims that it needs the OIG to define which roles it believes require additional role-based privacy training in order to resolve this Recommendation; any additional privacy training will need to be coordinated with the Senior Agency Official for Privacy (SAOP). Target Completion Date: TBD*

**Recommendation 11**: *Status: Open: Resolved. DNFSB conducted incident response/contingency plan exercises on September 26 & 27, 2022 and May 24, 2023, that included testing the agency's breach response plan. The exercises and after-action reports can be provided. DNFSB requests confirmation from the OIG if the exercises performed above resolve this Recommendation, and if so, then this recommendation needs to be closed. Based on actions already taken, DNFSB's position is that this Recommendation needs to be closed. Target Completion Date: TBD*

**Recommendation 14**: *Status: Open: Resolved. Supply Chain Risk, including ICT, will be addressed in an upcoming Supply Chain Risk Management Program Operating Procedure. Target Completion Date: FY 2024, Q4.*

**Independent Evaluation of the DNFSB'S Implementation of the Federal Information Security Modernization Act (FISMA) of 2014 for FY 2021 (DNFSB-22-A-04)**
**13 of 24 recommendations open since December 21, 2021**

**Recommendation 1**: *Status: Open: Resolved. 1.a. A centralized view of risk across the organization will be possible once the agency implements an Enterprise Risk Management Program, which is currently under development with an outside consultant. Target Completion Date: TBD*
*1.b. Risk tolerance, risk profiles and a risk register will be established as part of DNFSB's ERM program. Risks from the information system level will flow up to the business process level, and risks at the business process level will flow up to the enterprise level to allow management to make more informed risk management decisions. Target Completion Date: TBD*

**Recommendation 2**: *Status: Open: Resolved. 2.a. DNFSB will review existing policies & procedures against the recommendations in NIST SP-800 55 Rev.2 and make any updates by Q2 FY 2024.*
*2.b. A centralized view of risk across the organization will be possible once the agency implements an Enterprise Risk Management Program, which is currently under development with an outside consultant.*
*2.c. DNFSB will update its Risk Management Framework Handbook and its Continuous Monitoring Policies & Procedures Guide to include prioritization of vulnerabilities based on severity level by Q2 FY 2024.*

**Recommendation 3**: *Status: Open: Resolved. DNFSB published the Risk Assessment Policy in January 2023, which included defined frequencies for risk assessments and integrating those results into mission and business processes. As part of the external security assessment of the GSS, a risk assessment and control assessment were performed by an external auditor. DNFSB completed an external security assessment in June of 2023 and issued an updated ATO for the DNFSB GSS in July 2023. Based on actions already taken, DNFSB's position is that this recommendation needs to be closed. Target Completion Date: TBD*

**Recommendation 4**: *Status: Open: Resolved. Supply Chain Risk will be addressed in an upcoming Supply Chain Risk Management Program Operating Procedure. Target Completion Date: TBD*

**Recommendation 7**: *Status: Open: Resolved. This recommendation is a duplicate of 2020-9. DNFSB has determined that automated management of privileged accounts presents a higher risk than the current manual process of account review. DNFSB has implemented a manual review of account activity based on automated reports sent from the Varonis tool weekly. Administrators review this data and act in accordance with DNFSB policies and procedures. DNFSB will request a risk acceptance for this recommendation. Target Completion Date: TBD*

**Recommendation 8**: *Status: Open: Resolved. DNFSB requests the OIG to define the exact milestone*

*required to meet closure of this recommendation.  Otherwise, DNFSB claims that it will always be making efforts to improve data loss prevention functionality for the Microsoft 365 environment.  Target Completion Date:  TBD*

**Recommendation 9**:  *Status: Open:  Resolved.  DNFSB has defined clear milestones for implementing strong authentication in "Pillar I – Identity" of its Zero Trust Architecture Implementation Plan.  DNFSB currently participates in DHS/CISA's CDM Shared Service offering (DEFEND F) and has already implemented all of the available capabilities (hardware asset management, software asset management, configuration settings management, vulnerability management, enterprise mobility management, and endpoint detection & response) and is participating with CDM IDAM capabilities as they are being developed and plan to implement them when they become available.  DNFSB requests clarification from the OIG regarding what additional actions need to be taken to close this recommendation.  Target Completion Date:  TBD*

**Recommendation 10**:  *Status: Open:  Resolved.  DNFSB conducted incident response/contingency plan exercises on September 26 & 27, 2022 and May 24, 2023, that included testing the agency's breach response plan.  DNFSB requests confirmation from the OIG if the exercises performed above resolve this recommendation, and if so, then this recommendation needs to be closed.  Based on actions already taken, DNFSB's position is that this recommendation needs to be closed.  Target Completion Date:  TBD*

**Recommendation 11**:  *Status: Open:  Resolved.  DNFSB provides role-based privacy training within its required annual Cyber Awareness training.  Topics such as Social Networking, handling of Controlled Unclassified Information (CUI) and Classified data, website use, and Social Engineering are all covered by this training.  Each user is required to complete this training prior to accessing DNFSB systems.  DNFSB further requires all users to take annual Controlled Unclassified Information (CUI) training, and all federal employees with DOE clearances must take an annual clearance holder training, both of which address requirements for accessing, storing, and transmitting sensitive information.  DNFSB has developed updated privacy training and will deliver it to agency users by the end of Q1 FY 2024.  DNFSB requests that the OIG define which roles require additional role-based privacy training in order to resolve this recommendation.  Target Completion Date:  TBD*

**Recommendation 20**:  *Status: Open:  Resolved.  DNFSB has identified appropriate Incident Response training and select members of the Incident Response Team have completed the training.  DNFSB will deliver this training to identified individuals by Q1 FY 2024.  Target Completion Date:  TBD*

**Recommendation 22**:  *Status: Open:  Resolved.  DNFSB is currently revising the DNFSB GSS Information System Contingency Plan.   An updated version with performance metrics is expected to be completed in Q4 FY 2023.  DNFSB previously rejected this recommendation.  Target Completion Date:  TBD*

**Recommendation 23**:  *Status: Open:  Resolved.  This recommendation will be resolved when an agency-wide BIA is performed.  DNFSB will complete a BIA Q3 FY 2024.  Target Completion Date:  TBD*

**Recommendation 24**:  *Status: Open:  Resolved.  DNFSB has identified appropriate contingency training and select members of the Contingency Planning Team have completed the training.  DNFSB will deliver this training to identified individuals by Q1 FY 2024.  Target Completion Date:  TBD*

# Appendix

# REPORTING REQUIREMENTS

*The Inspector General Act of 1978, as amended in 1988, specifies reporting requirements for semiannual reports. This index cross-references those requirements to the pages where they are fulfilled in this report.*

| Citation | Reporting Requirements | Page(s) |
|---|---|---|
| Section 4(a)(2) | Review of legislation and regulations | 7–8 |
| Section 5(a)(1) | Significant problems, abuses, and deficiencies | 12–27 |
| Section 5(a)(2) | Recommendations for corrective action | 12–17 |
| Section 5(a)(3) | Prior significant recommendations not yet completed | 43–53 |
| Section 5(a)(4) | Matters referred to prosecutive authorities | 40–41 |
| Section 5(a)(5) | Listing of audit reports | 36–37 |
| Section 5(a)(6) | Listing of audit reports with questioned costs or funds put to better use | N/A |
| Section 5(a)(7) | Summary of significant reports | 12–17 |
| Section 5(a)(8) | Audit reports — questioned costs | N/A |
| Section 5(a)(9) | Audit reports — funds put to better use | N/A |
| Section 5(a)(10) | Audit reports issued before commencement of the reporting period (a) for which no management decision has been made, (b) which received no management comment with 60 days, and (c) with outstanding, unimplemented recommendations, including aggregate potential costs savings. | N/A |
| Section 5(a)(11) | Significant revised management decisions | N/A |
| Section 5(a)(12) | Significant management decisions with which the OIG disagreed | N/A |
| Section 5(a)(13) | FFMIA section 804(b) information | N/A |
| Section 5(a)(14)(15)(16) | Peer review information | 56 |
| Section 5(a)(17) | Investigations statistical tables | 38–41 |
| Section 5(a)(18) | Description of metrics | N/A |
| Section 5(a)(19) | Investigations of senior government officials where misconduct was substantiated | N/A |
| Section 5(a)(20) | Whistleblower retaliation | N/A |
| Section 5(a)(21) | Interference with IG independence | N/A |
| Section 5(a)(22) | Audit not made public | N/A |
| Section 5(a)22(b) | Investigations involving senior government employees where misconduct was not substantiated, and report was not made public | N/A |

# PEER REVIEWS

## Audits & Evaluations

The OIG audit program was peer reviewed by the OIG for the Smithsonian Institution.  The review was conducted in accordance with Government Auditing Standards and Council of the Inspectors General on Integrity and Efficiency (CIGIE) requirements.  In a report dated September 30, 2021, the OIG received an external peer review rating of *pass*.  This is the highest rating possible based on the available options of *pass, pass with deficiencies, or fail*.  The review team issued a Letter of Comment, dated September 30, 2021, that sets forth the peer review results and includes a recommendation to strengthen the OIG's policies and procedures.

## Investigations

The OIG investigative program was peer reviewed by the Department of Commerce OIG.  The peer review final report, dated November 1, 2019, reflected that the OIG is in full compliance with the quality standards established by the CIGIE and the Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority.  These safeguards and procedures provide reasonable assurance of conforming with professional standards in the planning, execution, and reporting of investigations.

# ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| C.F.R. | Code of Federal Regulations |
| CIGIE | Council of the Inspectors General on Integrity and Efficiency |
| CLA | CliftonLarsonAllan |
| CoC | Certificate of Compliance |
| DNFSB | Defense Nuclear Facilities Safety Board |
| DOE | Department of Energy |
| DOJ | Department of Justice |
| EDO | Executive Director for Operations |
| FISMA | Federal Information Security Modernization Act |
| FOIA | Freedom of Information Act |
| FY | Fiscal Year |
| IAM | Issue Area Monitoring |
| IG | Inspector General |
| IMC | Inspection Manual Chapter |
| IT | Information Technology |
| MD | Management Directive |
| NIST | National Institute of Standards and Technology |
| NRC | U.S. Nuclear Regulatory Commission |
| OCFO | Office of the Chief Financial Officer |
| OIG | Office of the Inspector General |
| OMB | Office of Management and Budget |
| RTR | Research and Test Reactors |
| TSS | Technical Services Section |

# Hotline Program

The Hotline Program provides NRC and DNFSB employees, other government employees, licensee/utility employees, contractors, and the public with a confidential means of reporting suspicious activity concerning fraud, waste, abuse, and employee or management misconduct.   Mismanagement of agency programs or danger to public health and safety may also be reported.   We do not attempt to identify persons contacting the Hotline.

## What should be reported?

- Contract and Procurement Irregularities
- Conflicts of Interest
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- Travel Fraud
- Misconduct

- Abuse of Authority
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- Misuse of IT Resources
- Program Mismanagement

## How do I contact the OIG?

**Call the OIG Hotline**
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U.S. Nuclear Regulatory Commission
Office of the Inspector General
Hotline Program,
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Rockville, Maryland 20852-2738